PS2000

August 14, 1990

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REPORTS AND SUMMARIES
OF THE
TASK FORCES

FOR DISCUSSION

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Treasury Board of Canada   Conseil du Trésor du Canada

News Release Communiqué

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CONSULTATION ON PUBLIC SERVICE 2000 TASK FORCE REPORTS

Treasury Board President Robert de Cotret today announced the release of Public Service 2000 task force reports. The reports are being circulated to all departments and agencies of the Government of Canada, Public Service unions and other interested groups. The government will be examining the analysis and recommendations along with the feedback they generate in the broader context of its policy for the future of the Public Service.

Mr. de Cotret said: "The purpose in making these reports public at this time is two-fold: firstly, to inform Public Service employees of the thinking that has emerged over the past eight months; and secondly, to seek further feedback on this first part of the Public Service 2000 initiative.

"The task force recommendations do not represent official government policy or views. I want to encourage further discussion and feedback on these reports so that the government will have the benefit of the widest possible range of insights when it makes important decisions this fall aimed at renewing the Public Service and improving service to the public."

The task forces have already discussed issues of concern with Public Service unions, and have obtained the view of many employees across the country through surveys, telephone interviews, focus groups, meetings and calls for suggestions--particularly with respect to service to the public. They have also consulted a special committee of business people, academics, consultants, and representatives from various associations.

The documentation being made available today includes background material summarizing the major recommendations of the task forces and describing the progress they have made to date.

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"The task forces have worked diligently to produce these reports," Mr. de Cotret said. "They have raised some fundamental questions. It is essential at this stage that we share their work with all concerned as we continue this important process."

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BACKGROUNDER ON PUBLIC SERVICE 2000

Public Service 2000 is an initiative to renew the Public Service of Canada that was announced on December 12, 1989, by Prime Minister Brian Mulroney. Its objective is to enable the Public Service to provide the best possible service to Canadians into the 21st century.

The Prime Minister asked Treasury Board President Robert de Cotret to oversee the project, whose implementation is carried out by Paul Tellier, Clerk of the Privy Council. Mr. Tellier is assisted by a small secretariat headed by John Edwards, Manager of Public Service 2000.

Public Service 2000 began with the creation of nine task forces comprising more than 90 Deputy Ministers, Assistant Deputy Ministers and senior regional officials. A tenth task force (on training and development) was established at the end of May.

LIST OF TASK FORCES

Service to the Public
Classification and Occupational Group Structures
Compensation and Benefits
Staffing
Staff Relations
Workforce Adaptiveness
Resource Management and Budget Controls
Administrative Policy and the Role of Common Service Agencies
Management Category
Training and Development

WHAT HAS HAPPENED TO DATE

The task forces have reviewed previous studies and reports, including employee surveys and reviews.

On April 30, 1990, Mr. de Cotret released a status report that explained the issues being examined and announced 40 recommendations and decisions to reduce paperburden, increase authority of departments and line managers, and improve human and resource management.

Task force members have canvassed their own departments for ideas on how the management of the Public Service could be improved. They have held discussions with Public Service unions and obtained the views of thousands of Public Service employees.

WHAT WILL HAPPEN NEXT

The task force recommendations do not represent official government policy or views. The Government will be examining the analysis and recommendations along with the feedback they generate in the broader context of its policy for the future of the Public Service. At this stage, the Government wants to inform Public Service employees of the thinking that has emerged and get the widest possible range of insights into its review of the issues.

A meeting will be held early in September with Public Service unions to receive and discuss their views on the reports. Also, employees are being encouraged to participate by discussing with their managers the changes that are needed and suggesting better ways to serve the public.

The reports--and the over 300 recommendations they contain--form the basis for continuing consultations on possible administrative and legislative changes.

Feedback and suggestions will be funnelled through the Public Service 2000 Secretariat and used to finalize the Government's position on Public Service reform, both for legislative amendments and the longer-term action plan to bring about change and renewal.

FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON SERVICE TO THE PUBLIC

EXECUTIVE SUMMARY

August 9, 1990

SYNOPSIS OF THE REPORT OF THE SERVICE TO THE PUBLIC TASK FORCE

BACKGROUND

The Service to the Public Task Force was one of ten created as part of Public Service 2000, a program launched in December 1989 by the Prime Minister to revitalize the public service.

This summary report presents interim findings and conclusions; recommendations will be forthcoming this Fall in the draft report.

The objectives for the Service to the Public Task Force were:

1. To review existing literature and research material and consult with others in relation to the notion of service to the public, in order to come up with a satisfactory definition (s) of this concept in the public sector context;

2. To examine work done to date in connection with service and satisfaction enhancement in the public and private sectors, with a view to learning from the past experience of other organizations;

3. To conduct research (secondary or primary data collection) to establish some methods of measurement and benchmarks concerning actual and perceived quality of service to the public provided by federal government institutions. Such benchmarks would provide a basis for determining whether progress was being made;

4. To examine practices and attitudes currently prevalent with respect to consultation with the public in the development of policy and delivery of programs;

5. To consult with a sample of representative groups of employees, unions and others to benefit from their views and recommendations; and

6. To develop recommendations with respect to the service to the public mandate (service, satisfaction, consultation, communication).

METHODOLOGY

The Task Force embarked on a vigorous program of research and analysis designed, within the limits of available time and resources, to provide insight into a number of issues related to service to the public and to yield recommendations for improvement. The Task Force defined "service to the public" broadly to encompass both the direct delivery of service and consultation with the public on the design and implementation of programs, on the premise that such consultation will enhance public satisfaction with service quality. Driving the research program were questions such as:

- What do we know at present about public perceptions of service quality?
- What lessons can be derived about rendering good service by examining examples set by organizations doing an outstanding job of service delivery (in both the public and private sectors)?
- How can information technology be used to improve service quality and satisfaction?
- To what extent do front line workers, middle managers and senior public servants feel service quality is valued? What are their views about existing quality of service provided to the public? What might be done to improve service?

Field Work Programs

Four associated initiatives were implemented to collect information and ideas from public servants in the field, as described below.

a) Focus Groups

Thirty focus groups comprising 300 front line workers and middle mangers involved in the delivery of service to the public were held in 12 cities.

b) Symposia

Symposia were organized and moderated by the Canadian Centre for Management Development (CCMD) on behalf of the Service to the Public Task Force. Seven groups of approximately 25 senior managers and departmental clients were conducted.

c) Workshops

The main focus of the workshop discussions were on issues related to consultation rather than service delivery. Participants included senior federal managers, some business representatives, and some non-government organizations, academic and research representatives experienced or interested in consultation practices or issues. Eight workshops, of approximately 21 participants each, were held. In addition, the Public Policy Forum sponsored two additional workshops: the Bryce-Lambert Forum and a session with industry association executives.

d) Telephone Surveys

To complement the qualitative information obtained in the focus groups, the Task Force conducted a telephone survey with a representative sample of public servants.

Specifically, a total of 1,248 federal public servants were surveyed over the telephone. This sample consisted of 425 front line staff, 422 middle managers and 401 senior managers.

FINDINGS

Overview of Key Messages

The findings and conclusions of the Task Force, although still in draft form, suggest a change strategy involving a coordinated campaign on a number of fronts.

1) Top Management Commitment: Shaping Culture and Values

- We need to work towards a major and long-term shift in culture and values which provides for a reorientation (but not abandonment) of our current "control culture".
- We need to move from an inward and secretive mode of operation to an outward and open orientation, both internally and externally.
- Management must institute significant changes to the "command and control" philosophy utilizing more delegation, trust, and "empowerment".
- Management needs to create the expectation of, and take responsibility for, developing an environment supportive of innovation.

- Senior managers need to accept that demanding "error-free" management is an impediment to good service to the public.

- We need a sustained, durable, persistent leadership determined to provide outstanding service to clients and to create an internal climate where people are the premium value.

- Management must demonstrate a commitment to an open and collaborative relationship with the public.

- It is critical to our success that management seek, obtain and retain political support for these changes.

2) Consultation with Clients: Shaping Policy and Service to Client Needs

- Broadening of both the ethic and the process of consultation is required.

- Consultation must become an engrained public service-wide value visibly undertaken, and openly encouraged by management.

- Public servants must be trained to become skilled in the consultative process.

- Consultation must be engaged in only if there is genuine willingness to listen and to adapt to input from others.

- Members of the public want to be reassured that the process is open and authentic; they feel they have a right to comment on how the process is run as well as what should be discussed; and they see no reason why they should be precluded from organizing and launching discussions on matters of public concern.

- Insufficient weight is given at the centre of government to the need for regional variations in policy.

3) How People are Managed

Improved management of "our most important resource" will require:

- Simplified classification systems with greater value given to service to the public factors.
- Reducing levels in the management category as an aid to organizational delayering.
- Greater managerial responsibility for staff deployment and job assignments.
- Simplified and quicker staffing (recruitment and selection).
- Improved selection criteria with service to the public as an essential criterion.
- Simplified redress procedures with quicker resolutions.
- Involvement of operational managers in collective bargaining negotiations to ensure service factors are considered.
- Improved rewards and recognition for good service and its inclusion in performance ratings.
- Improved training and development programs with service as the focus.

4) Organizing for Client Service

- Systems and procedures need to be tested against the criteria of service relevance and be relentlessly simplified by constant attention to client-driven, in contrast to system-driven requirements.
- We must ensure that organizational structures are not so hierarchical that decisions are made by people out of touch with clients.
- Management must pay close attention to the service transaction as the time and place most likely to shape clients' perceptions of the organization. Resources should be devoted to the development and improvement of the "transaction environment" (facilities, access, etc.).

- The development of standards and training must emphasize client-centred values.

5) Service Support Technology

- We need strong commitment from senior management not only to the use of the technology, but also to the restructuring of business practices.

- Technology should be recognized as a single component of an overall corporate approach to improved public service and a client-centred service philosophy.

- We need to change from merely using technology to do the same things faster, to doing different things, in different ways.

- More emphasis must be placed on the provision of service enabling technology tools for front line staff who work with the public.

6) Internal and External Monitoring

- We need to monitor service to the public and public satisfaction, and reduce the monitoring of compliance and conformity.

- There is a need to clearly define and manage client expectations.

- Client satisfaction data should be made available to all staff.

- We must establish field level intelligence systems and use this input to improve services.

FOR DISCUSSION

PUBLIC SERVICE 2000 : REPORT OF THE TASK FORCE ON ADMINISTRATIVE POLICY AND THE ROLE OF COMMON SERVICE AGENCIES

July 13, 1990

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

OVERVIEW

This Task Force reviewed administrative policies and common services in the federal government to determine how they could be changed to support the aims and objectives of PS 2000.

In the federal government, employees spend an inordinate amount of time and resources dealing with internal administration and cumbersome bureaucratic processes which have been established by central agencies, common service organizations (CSO) and departments. Administrative policies and the structure of common services in the federal government severely restrict the authority of managers and make it difficult for all public servants to devote their full energies to program and service delivery.

The major finding that emerges from the work of this Task Force is that employees have limited authority over many of key the aspects of their work. In areas such as office space or the procurement of goods and services, public servants have little authority and/or they are required to utilize the services of a CSO. To repair a rug or a leaky window, departments have to use Public Works Canada (PWC). To buy a typewriter or computer which costs more than $1,000 they must to use Supply and Services Canada (SSC). To lease art, translate their work or dispose of materiel, they must use other CSO's. The areas that concern public servants the most are those involving relatively small expenditures which are often critical to getting their programs delivered quickly and efficiently.

After surveying and consulting with public servants across Canada and reviewing private sector practices, the Task Force on Administrative Policies and Common Services has concluded that the federal government should adopt a new approach to the formulation of administrative policies and the delivery of common services. Such policies and services should improve service to the public by enabling public servants to spend less time on paperwork and more time on focusing on the needs of their clients. They should provide more choice, authority, responsibility and accountability for managers to determine how best to manage programs and activities in light of program requirements. The Task Force is of the view that such an approach would also be more cost-effective for the public service because it would reduce unnecessary layers of decision-making and put the authority closer to the point of delivery of programs.

The report of this Task Force contains our conclusions and recommendations. The following sections summarize these findings and present the detailed recommendations of the Task Force.

I. KEY THEMES

To achieve better administrative management, the Task Force believes that new themes are required to guide the policies and practices of central agencies, common services organizations (CSO) and departments. These proposed themes are as follows:

- Focusing on improvement of service to the public
- Giving managers the choice
- Listening to employees in order to remove unnecessary irritants
- Delegating authority to the level closest to the delivery of the service
- Creating the right incentives for innovation

II. COMMON SERVICES AGENCIES

The Task Force reviewed a number of common services. Our general conclusion was that the fundamental principles upon which mandatory common services have been established (i.e economies of scale, centralization) need to be questioned in the light of changing technology, changing management practices and operational requirements of departments. Because of such changes, there are more cost-effective ways for delivering services.

The federal government should place more emphasis on choice and flexibility for managers and departments in determining the status of common services. Therefore, the Task Force recommends a major shift from mandatory to optional services.

III. SUPPLY AND SERVICES CANADA (SSC) PROCUREMENT

One of the key Common Service Organizations (CSO) in the federal government is Supply and Services Canada (SSC). The Task Force focused mainly on the procurement or acquisition function of SSC. In reviewing SSC, the Task Force reacted positively to the efforts that SSC has been making to review its role and in proposing a vision for the nineties that will change and upgrade its current type and level of service. SSC calls this initiative Vision 2000. The recommendations are believed to be consistent with and supportive of SSC's Vision 2000 and are aimed at increasing the flexibility of managers in procurement while maintaining the advantages of a central procurement function and the current mandate and responsibilities of SSC in this field.

IV. PUBLIC WORKS CANADA: THE REAL PROPERTY PROGRAM / A&E SERVICES

The services provided by PWC were of more concern to managers than any other common service area. Managers were particularly bothered by the inflexibility of the current system in dealing with minor repairs and services (i.e cleaning) in government owned or leased buildings. They also had major concerns with the level of service provided by Architectural and Engineering (A&E) Services of PWC particularly for small jobs or unique departmental requirements. Because of the level of concern of managers, the Task Force has concluded that nothing less than a significant change in the relationship between PWC and departments will improve the situation. This can best be achieved by providing departments with a choice in whether they use the tenant and A&E services provided currently by PWC.

V. DEPARTMENTAL MANAGEMENT

As the work of the Task Force unfolded, it became increasingly evident that departmental administrative policies and practices were a major impediment to increased flexibility and authority. Based on departmental surveys and focus group meetings, it was clear that departments were not delegating many of the existing authorities provided to departments by central agencies or CSO's. In addition, managers pointed out that many of the processes that caused them problems were the result of internal management decisions. Consequently, the Task Force developed two recommendations to deal with this critical area.

VI. IMPLEMENTATION

To ensure the implementation of changes in administrative policies and common services, a concerted effort will be required by central agencies, CSO's and departments. A key implementation requirement for all three of these groups will be training and communications. In addition, adequate measures must be undertaken to enable the CSO's and their staff, as well as department managers and staff, to adjust and adapt to their new roles.

VII. RECOMMENDATIONS

A. Recommendations on Common Service Policy

1. In order to provide employees with sufficient incentive to carry out programs and provide services to the public, all common services should be made optional wherever possible (See Annex 3). To this end, the Task Force recommends that four mandatory services (ie., Crown Assets Disposal, Central Travel, Translation and the Art Bank) be made optional.

2. TBS undertake a review, in conjunction with the CSO's and departments, of how to make these four common services optional in a cost effective manner.

B. Recommendations for SSC

3. The Government and SSC make a firm commitment to provide, on a progressive basis, more purchasing delegation to departments, by commodity type and by client. Therefore, by April 1, 1991, the basic delegation level to client departments be increased from $1000 to $2500. In the event that the system referred to in Recommendation 4 cannot be implemented for whatever reason, then the increased delegation is to reach $10,000 by April 1, 1994.

4. Over the next four years, SSC establish a method of procurement in which SSC provides departments with unlimited access to a technology-based system that permits clients to do much of their own purchasing. As a minimum, the system is to provide electronic access to standing offers and other basic contractual transactions as well as information gathering sufficient for SSC to carry out its functions and responsibilities. In effect, this would provide departments with virtually unlimited delegation to carry out their own transactions using information and pre-approved contractual arrangements provided by SSC.

5. In addition to the above, SSC consider a number of short term initiatives aimed particularly at reorienting SSC much more sharply towards client service and satisfaction. These initiatives should include:

- 5.1 For highly specialized or relatively unique requirements, SSC immediately providing more meaningful and selective delegation to client departments, based on the commodity type and the client.

- 5.2 Establishing a credit card system to eliminate requisitioning and billing paperwork and to facilitate data collection.

- 5.3 Establishing client portfolios, at least for extensive users;

- 5.4 Establishing a streamlined approach to deal with low dollar value procurement or stock item procurement.

6. SSC establish and maintain a centre of expertise from which departments can draw to carry out acquisitions as required, acquire advice and receive assistance with problems.

7. SSC develop proposals, within a one year period, for a new approach to replace the existing revenue dependency system to promote a cost-effective procurement system and to reduce internal billing costs. Any new system must take into account the new role and function of SSC under the regime proposed above.

C. Recommendations on PWC

8. The operations of the Real Property Program be revised to provide greater flexibility and autonomy to tenants within the landlord/tenant relationship by:

   - 8.1 developing the bilateral tenant specific standards which give priority consideration to tenant location requirements for those functions which provide direct service to the public;

   - 8.2 Providing tenants the option of carrying out tenant services either directly with contractors or through PWC, subject to PWC retaining the minimum level of control essential to protect the structural integrity of its buildings;

   - 8.3 redefining tenant services to include as many activities as possible under this category and transferring funds for these additional areas from PWC to tenants;

8.4 retaining ACCORD (Administration and Control of Contracts and Regional Data) as a mandatory system for small construction and service contracts but adapting it so that tenants have access to the system when they wish to contract directly.

9. The operations of PWC A&E services be designated as "optional" under the Treasury Board Common Services policy as of April 1, 1992 subject to:

- PWC's SPEC (Selection Prequalification and Evaluation of Consultants) system being the sole method for engaging private sector A&E professionals;
- the government ensuring that departments do not use the 'optional' status to recreate internal A&E organizations.

D. Recommendations on Departmental Management

10. Deputy Heads ensure that increased delegations and policy flexibilities provided by central agencies are well communicated and that they are matched by equivalent delegations, flexibility and accountability for managers.

11. Deputy Heads review internal delegations, procedures and accountability structures to ensure that managers have the maximum possible authority and flexibility to manage programs and provide services to the public or department clients.

E. Recommendations on Implementation

Recommendation For Central Agencies

12. The federal government adopt new principles for administrative policies based on maximum incentives, authority and commensurate accountability for managers at all levels and that central agencies and departments review their administrative policies and common services in this light. This will ensure that administrative policies and common services achieve a better balance between government wide management requirements and the need for departmental and managerial flexibility.

13. The Treasury Board Secretariat work with the Staff Training Agency and the Centre for Management Development and other appropriate institutions to develop the necessary training programs to implement the recommendations of this report.

14. Treasury Board Secretariat and Departments develop extensive communication programs to ensure that all employees are familiar with new or changed policies, their authority levels and the implications of these policies for their responsibilities.

Recommendations for Common Service Agencies

15. All common services be reviewed periodically by a series of TBS-led interdepartmental program evaluations with study team representation by Treasury Board Secretariat/Office of the Comptroller General, CSO's and client departments.

16. CSO's review all their operations on a regular basis to revise levels of delegations to departments and to ensure their services are being provided in a manner sensitive to the needs of clients.

Recommendations for Departments

17. Departments give high priority to developing a consistent internal communications thrust to complement government-wide communications initiatives. This will ensure that all departmental employees are aware of and understand the basics of the new or modified administrative policies, their authority levels, where to go for assistance and the implications of the changes for delivering departmental programs.

18. Departments provide or support the required training to ensure that all employees are able to take full advantage of increased authorities provided.

Accountability for Implementation

19. In order to implement these recommendations, it is further recommended that an evaluation report be prepared for the Treasury Board on an annual basis for the next three years.

CHAPTER 1

ADMINISTRATIVE POLICIES AND COMMON SERVICES FOR PS 2000 – PRINCIPLES

I. INTRODUCTION

The scope of the work of this Task Force (Annex 1 lists the Task Force members) included all of the major administrative policies (approximately eighteen policy areas listed in Annex 2) currently issued by the Treasury Board as well as the role of common service organizations that provide approximately 40 common services to departments. The main objective of the review was to facilitate improved service to the Canadian public through more flexibility, authority and accountability for all staff on the premise that regional and operational employees are in the best position to make the most appropriate decisions.

Because of the large number and diversity of these policy areas, the Task Force did not have the time to review all of the areas in-depth, or to review the activities of all common service organizations (CSO). Instead, the Task Force focused on the key policy areas or issues which were identified by public servants as being of greatest concern. For these areas, the Task Force developed principles that guided its evaluation. For those policy areas where significant changes were already well underway by TBS or were not the subject of complaints, the Task Force felt it was not necessary to comment further.

It should also be noted that recommendations to immediately address some of the identified operational irritants have already been made by the Task Force. These changes, which were included in the status report dated of April 30, 1990 presented by the President of the Treasury Board, are as follows:

- Doubling contracting authority for competitive contracts to $200,000 for consulting services and $400,000 for non-consulting services;
- Increased authority for departmental purchases from $500 to $1,000 for all departments and to $2,500 for those entering an agreement with SSC;
- Delegated to departments the full authority for debt write-off;
- Length of temporary help contracts extended from eight (8) to twenty (20) weeks;
- A revised taxi policy that gives full responsibility to Deputy Heads in order to reduce the administrative burden and increase equal access by taxi companies to government business;

- Managers, especially in the regions, were concerned at the amount of time and unnecessary paperwork required regarding the authorization of hospitality expenditures. Treasury Board has agreed to give more options to managers;

- Treasury Board has agreed to provide managers the option of replacing the fingerprint check with a criminal records name check based on a risk assessment, and to extend to ten years the validity of Level I and Level II security clearances;

- Streamlining of travel procedures: A joint Committee of the Treasury Board Secretariat - Office of the Comptroller General are reviewing travel procedures. Recommendations of this Committee will simplify the processing of travel claims.

II. CONSULTATIONS

In order to arrive at valid and agreed-upon conclusions, the Task Force met with the two largest Common Service Agencies (SSC and PWC) and three major unions (PIPS, ESSA and PSAC). Also, before issuing its final report the Task Force wanted to make sure that the main recommendations reflected the views of employees throughout the public service. To this end, five focus groups were conducted (two in Ottawa, and one in Montreal, Winnipeg, Halifax). About 100 employees participated in these focus group discussions. Their input has been very useful to the Task Force in formulating its final report and recommendations.

III. WHY CHANGES ARE REQUIRED

Managers at all levels throughout departments face multi-layered decision making and detailed rules which interfere with their day-to-day operations and the timely delivery of their programs to the public. Participants in the focus groups felt that the best solution was to simplify the process as much as possible by reducing the paperwork burden, removing the cumbersome sign-offs and eliminating duplication and excessive verification of work.

The key irritants expressed by most of the employees in the conduct of the focus groups are listed below:

- Not being be able to control or do anything about relatively minor expenditure items;

- Not enough delegation, particularly in regions;

- The procurement process is often too slow and the level of spending authority is generally inadequate to meet their operational needs;

- The lack of internal communication, the length of time it takes SSC to co-ordinate contracts and purchases as well as the role of Supply and Services as an intermediary;

- Not being able to manage their own office space. Complaints were expressed about response time, quality of service, quality of work, inadequate communication and the high cost of PWC;

- In the area of other common services, concerns were expressed about the length of time it takes to receive the services or invoices or differences in objectives between CSO's and departments.

IV. PRINCIPLES FOR POLICIES

To achieve better administrative management, the Task Force believes that new principles are required to guide the policies and practices of central agencies, common services organizations (CSO) and departments. These proposed principles are as follows:

- **Support service to the public**

  Administrative policies must allow public servants to spend less time on their paperwork and more time focusing on the needs of their clients. The information should be easily "digestible". Process must be kept simple to avoid shifting the bureaucracy from one area to another.

  Given the resources available, changes must ensure delivery of the best service possible to the Canadian public. Policy makers should also think "service" and "client satisfaction" and should be recognized and rewarded accordingly. As stated by a regional manager, there is a need to improve the service delivery:

"En tant que directeur général des services médicaux, je voudrais perdre moins de temps à pousser du papier et à me battre contre les gens du bureau central pour me consacrer à mon travail d'une façon intelligente. Je n'ai pas le temps de mettre sur pieds un comité pour étudier le problème. Le client demande une réponse immédiate, pas dans trois mois."

- **Giving managers the choice**

  Managers should have the choice. Policies should not be a set of rules and should not be directive but instead provide options to managers.

  Because of their knowledge of the work environment, managers are in the best position to make both sound judgements and appropriate decisions in implementing these policies. As voiced by regional managers in focus group discussions:

  "If you as a line manager, can figure out a way of doing it better, you can do it better, you're allowed to do it. I think that's the sort of discipline that the CSO's need to be put under."

  "My message is, I'm a manager and I can manage - I don't mind being held accountable. Give me the tools to manage."

- **Clearing the Underbrush**

  Managers are most irritated with what could be called "underbrush". This refers to the plethora of procedures, checks and balances, committees, sign-offs, complex billing and verification procedures, and just plan trivia that they have to deal with for so little perceived benefit. They generally accept the need for central policies and service agencies, but are more discontented with the following kinds of problems:

  - the requirement to fill out a travel claim for $15 when it probably costs 6 times as much just to do the paperwork. Why not use petty cash for this?

- an amendment to an existing regional contract that had to be done through headquarters. The requirement was known in July, but it took until January to get the whole thing through the process;

- the endless forms and paper required for one part of government to charge another (e.g. SSC and PWC billing);

- the time it takes to get a leaky window fixed or a door knob repaired through a service agency;

- the time it takes to get a couple of computers when setting up a high-priority activity due to the requirements to use SSC;

- the requirements of managers to get committee approval to proceed with a contract or purchase a computer even when the expenditure is within their own authority level.

H. L. Laframboise, former Assistant Deputy Minister of Labour Canada, once called this tendency in government "counter-management". One can also call it "administrivia". Whatever it is called, it drives managers and employees crazy and it often leads to counterproductive behaviour and unproductive work.

. **Managers should have the authority**

Policies should provide authorities that are flexible enough to be tailored to the needs of individual organizations.

The key principle to be adhered to in policy formulation is that departments/staff should be delegated as much authority and flexibility as possible, be it through increased delegation, deregulation, or removal of external constraints or irritants. As stated by participants in the conduct of the focus groups:

"I can sign contracts for substantial amounts of money in the hundred of thousands of dollars to have somebody to do something for us, to do the training or whatever, but I can't go out and buy a typewriter for my secretary, and I can't buy a flip chart.

I can't get the tools or make the small decisions that I need to get things going. Give us the authority and responsibility on budgets that go along with being able to deliver the program."

- **Get the incentives right**

  Managers must be prepared to take calculated risks to achieve better results (learning from experience). Innovation is to be encouraged and rewarded, whereas failures should not mean that you go back into the straight jacket. The search for better ways of doing things will die a quick death if public servants are pounded for making mistakes in the search. As expressed by a manager:

  "It's what leads to what I call the "belts and braces" syndrome in the departments. We're so scared of making a mistake and that one of the central agencies is going to dump on you, that you build in all the bureaucracy at the departmental level - just in case."

  There should be some provision for recognition of and rewards for creativity and success. There should be high standards for excellence and rewards and recognition (well and quickly) to managers who manage in the spirit of PS 2000 (delegation, empowerment, attention to human resources, client satisfaction, risk-takers, innovators).

V. CONCLUSIONS

The administrative and common services policies of the government need to evolve rapidly to achieve the aim of Public Service 2000 (PS 2000). While the fundamental objectives of achieving economy, equity, probity and consistency across the Public Service will have to remain constant, the way of achieving them should change.

From administration to management:

The PS 2000 initiative will accelerate the process of change in administrative and common services policies already under way in Treasury Board. This shift from "administration" to "management" would allow more flexibility to manage, with emphasis on results. This change in the corporate culture throughout the Public Service is aimed to provide better service to the Canadian public.

The above stated principles should be viewed as key factors to the evaluation of administrative policies and common services to complement well-established principles such as prudence, probity and economy. The following chapters outline how the federal Public Service can ensure that public servants have sufficient authority and incentives to deliver their programs and serve the public in the best possible way.

CHAPTER 2

ROLE
OF
COMMON SERVICE ORGANIZATIONS

I. INTRODUCTION TO COMMON SERVICE ORGANIZATIONS

A common service organization (CSO) is a department, agency, branch or division wholly or primarily engaged in providing centralized activities to support the programs of departments and agencies. The primary role of the CSO is the provision of service to the client together with the achievement of certain standards of prudence and probity.

The common services provided by CSO's generally fall into two categories. (Historically, there has also been a "right of first refusal" category, but this is being eliminated):

- mandatory common service: A service that client departments must obtain from a CSO.
- optional common service: A service that clients may obtain from a CSO or another supplier. (In some cases, the standards for goods or services are mandatory, but selecting the supplier is optional.)

II. OBSERVATIONS

Approximately 40 common services (See Annex 3) are provided by twelve 12 CSO's. The delivery of these services falls within the framework of administrative policies (See Annex 2) established by the Treasury Board. The services are also subject to a variety of financial arrangements including revenue dependency and appropriations. These controls were originally developed and placed upon the CSO's to ensure that the government developed centres of expertise in specific areas, realized the benefits of economies of scale, promoted national objectives in a consistent manner and maintained a fair, transparent and risk averse process.

The Task Force recognizes that the managers and employees of CSO's are dedicated to the fulfilment of the current mandates of their departments and that they work hard and faithfully to meet all of the objectives that have been given to them. Nevertheless, extensive research in the area of common services has revealed that these same objectives have resulted in many structural problems. Specifically, the Common Service Policy review of 1985, the Nielsen Task Force and, now, the PS 2000 Task Force have all found that the intended advantages of CSO's have not been sufficiently weighed against other, equally important criteria.

These include:

- timeliness;
- quality service to the client;
- an impetus to provide results that are as effective as they are efficient; and,
- flexibility in responding to client departments' changing operational requirements;

During recent focus group meetings, a participant gave a very clear indication of his view of the level of control placed upon a supposed client department by CSO's:

> "They have no idea of our business or who we're serving and yet they're telling us what we can and cannot do in the delivery of our program. Their service to us is based on a book of rules, not on whether or not that service meets the objectives of our program."

The values and objectives of PS 2000, as stated in Chapter 1, attempt to re-balance the relationship between CSO's and their clients. This will be accomplished by providing an environment that supports improved managerial performance and accountability throughout the federal public service with special emphasis on service to the public and productivity improvement.

The central premise of these changes is that objectives of PS 2000 can best be achieved by placing as much authority as possible in the hands of employees and managers as well as through new or more flexible arrangements between CSO's and line departments. To this end, the following services have already been changed from "mandatory" to "optional":

- The printing function of SSC is being changed to full "optional" status as a Special Operating Agency as of 1992.

- The Fleet Management Information System (Treasury Board decision on Motor Vehicle Policy of SSC).

In addition, SSC has recently increased its basic delegations to departments for purchasing from $500 to $1000 and to $2500 when accompanied by special reporting requirements. Despite this change, it is recognized that success cannot be achieved without similar arrangements within departments between head office/staff functions and the responsibility centres for delivery of services.

The reform of the Common Services environment, while proceeding from general principles, involves important trade-offs in government objectives and relatively complex administrative and financial issues. One comment from the focus groups illustrates this point:

> "Decentralization is great, but what are the various departments going to do to coordinate certain national objectives such as employment equity, regional development and 50 other national objectives?"

Based on a preliminary analysis of the situation, public servants surveyed across the country and in accordance with the principles developed in Chapter 1, the Task Force examined the mandatory status of all common services and recommends the changes shown in Annex 3. However, the Task Force found that the delivery of four specific common services requires further attention and analysis. These are:

Crown Assets Disposal:

The Task Force is concerned that there are not enough incentives for managers to dispose of surplus assets. Under the current system, departments must go through Crown Assets Disposal in SSC to dispose of an asset or even to provide a surplus asset to another department. Up until December 1989, any proceeds from the sale of such assets did not revert to the department but rather were consumed by service fees of SSC or returned to the Consolidated Revenue Fund. The extent of the disincentive to dispose of assets was indicated by stories that managers in remote locations found it more efficient to throw surplus assets away or, in one case, to dump them in lakes because the cost of disposal far outweighed the revenue derived from disposing of it.

Another example that came to the attention of the Task Force was the case of a manager who had a number of outdated computers. Because the district offices of another department could not buy any computers, they wanted to use these computers. However, when he asked his Administrative Services group if he could give these computers to that department, he was informed that departments cannot transfer assets without declaring them surplus. At that point, the manager figured it was not worth the time or effort to pursue the issue.

In December 1989, the federal government announced that 30% of the proceeds from the sale of surplus assets would be returned to departments in the form of a credit for SSC service fees. Notwithstanding this improvement in policy, the Task Force is of the view that departmental managers should receive the full value from the disposal or transfer of assets and that mechanisms should be found to enable departments to trade or sell assets directly to the private sector or to other departments.

Central Travel:

The need for a central travel service is outdated in the context of rapid advances in modern technology. The following is an example cited during a recent focus group meeting:

> "The issue of travel is an interesting one. People rely on me to negotiate a contract in the hundreds of thousands of dollars, but, I've got to go to central travel to get a single ticket to go to Toronto."

Based on the five principles outlined in Chapter 1, the Task Force concluded that the mandatory status of central travel should be eliminated. As the central travel contract is up for renewal in approximately 1 1/2 years, this will provide an opportunity to review the need for a central travel service.

Translation:

The Task Force recommends that translation for the two official languages be made an optional service, subject to a phased implementation in the purchase of translation services by departments. However, the provision of translation services for international languages, other than the two official languages, was still seen as a valuable service not readily available in the private sector. Thus, it should remain mandatory.

Art Bank:

An evaluation of the Art bank has been recently completed by the Treasury Board Secretariat. The evaluation recommended that art rental become an optional service. Most individuals surveyed in this evaluation preferred more flexibility in the renting of art. The Task Force supports more options in the renting of art while continuing to support the objectives of the Canada Council and the role of the Art bank in assisting the artistic community. Therefore, the Task Force believes that the Art bank should become an optional service.

Implications:

Since any change in the status of common services requires the approval of Treasury Board, TBS will have to undertake a review of the implications of changing the status of these common services to ensure that any changes are cost effective for the federal government.

III. KEY RECOMMENDATIONS FOR COMMON SERVICES

The Task Force has proposed changes to the status of a number of common services. These changes are shown in Annex 3. In accordance with the PS 2000 philosophy, the Task Force also recommends that the following principles should govern the operation of common services:

1. **In order to provide employees with sufficient incentive to carry out programs and provide services to the public, all common services should be made optional wherever possible (See Annex 3). To this end, the Task Force recommends that four mandatory services (ie., Crown Assets Disposal, Central Travel, Translation and the Art Bank) be made optional.**

2. **TBS undertake a review, in conjunction with the CSO's and departments, of how to make these four common services optional in a cost effective manner.**

CHAPTER 3

SUPPLY AND SERVICES CANADA

I. INTRODUCTION TO SUPPLY AND SERVICES CANADA (SSC) AS A COMMON SERVICE AGENCY

SSC was established to supply the goods and services required by departments. However, in the last twenty years, SSC has been charged with an increasing array of other objectives. Many, if not most, of these objectives were introduced in response to various issues (eg., regional development, employment equity, small business), often without adequate attention to the impact on costs and service. The Minister of SSC, with the support of Cabinet colleagues, is currently trying to rationalize the forty or fifty national objectives that have made SSC a hybrid form of CSO with quasi-program responsibilities.

II. OBSERVATIONS

SSC is widely seen as having a good track record in maintaining the integrity of the procurement process (prudence and probity) and achieving economies in purchasing. However, recent studies such as the SSC Service Line Reviews, the 1989 AG report and this PS 2000 review indicate that SSC has focused too much on these two aspects at the expense of service to the customer. The department must now find an optimum balance between the two.

Specifically, the problems identified with SSC relate to its role as an intermediary. Even on low dollar value items, for example, departments find themselves unable to deal directly with suppliers in discussing their needs. One departmental focus group participant stated:

> "We just can't get the kind of service we want. The firms won't even send you a catalogue because they know that with the SSC tendering system, we don't make the decisions. And if it's going to come from Ottawa, he won't make any commission to cover the time he spent with you".

This situation results in a lack of control and a sense of alienation from the consultation process which is needed to ensure that potential suppliers understand the needs of the clients. Departments feel that they are "doing all the work" and that SSC is often a redundant step in the process, particularly for low-dollar value items and specialized products. For the latter case, it was viewed that SSC provided little value added. A good example was cited:

> "We use very specialized pressure gauges for testing pipelines and we know exactly what we need. There's a very limited supplier base and we talk to them about our requirements. SSC then modifies our specification to suit the tendering process and solicit bids nation- wide. But we know there's only two manufacturers in Canada and only one can modify their design to suit our needs. What's the value added?"

It is evident that departments would like to make their own transactions based on standing offers and electronic cataloguing. In addition, they believe that specialized services could be handled more efficiently by themselves in cases where the expertise resides in the department.

By contrast, regional concern over increased delegation lies in the lack of resources and expertise within departments. One focus group member explained it this way:

> "We don't have any extra people at the moment. At the best of times, we're just getting by. So if we had to stick within the rules and regulations as they presently stand, we'd have to tender correctly, have people to open the tenders correctly, we'd have to have tender boxes and a gallery for viewing, we'd have to have everything and that takes PY's and we don't have them."

Another manager stated:

> "We have only one person with the required expertise. If he or she should leave or fall ill, everything stops. SSC has enough trained people to fill that sort of gap".

Greater delegation by SSC would require extensive training and communication with departmental managers and employees. This is especially true where SSC provides a buffer against various pressures -- both internal and external. These pressures come from a wide variety of sources, the suppliers, the regions, trade policy imperatives and national objectives to name a few. If SSC were changed significantly, these pressures would not disappear, but would be applied directly to departments.

A secondary issue concerning delegation of contracting authority is the extent to which the delegation is disseminated within the client departments themselves. At present, SSC regional offices generally have much higher delegation than their clients, who must send their requisitions to their own HQ's. One example provided by a regional manager is very illustrative of the subsequent problems encountered:

> "Often we'll find that we have a requirement that requires approval from head office. The requisition gets into the Ottawa acquisition stream and we end up with a company from another province supplying a PC to our office in Winnipeg. But the after sales service is non-existent, whereas if we could handle it locally, we could have had better service".

Hence, any increase in delegation by SSC would require a commensurate action within departments to realize any benefit. This issue is discussed further in Chapter 5.

On the issue of SSC' legislative mandate, SSC has expressed concern that substantially increasing delegation without a system of controls could compromise their Minister's accountability under the Supply and Services Act for the management of government procurement. Under current legislation, increased departmental authority requires increased accountability. The question is the manner in which the client department can be held accountable. Numerous authorities are currently delegated throughout the government based on accountability through MOU's, post-transaction audits and sanctions, none of which must necessarily be burdensome. SSC should use these approaches as opposed to controlling transactions.

The role of common service (and central) agencies must be to enable managers to make the right decisions. This will involve giving them the right tools, the necessary information (ie., standing offers), communicating in an effective manner the corporate goals and objectives that they must respect in their operations, and providing training and support where required. SSC should move toward an advisory, procurement and information related service agency.

III. REVENUE DEPENDENCY

Service fees for procurement also create an enormous amount of friction between the department and its clients. Apart from the nature of the fee structure, clients universally resent having to pay any fee for a service they cannot refuse and which they see as supporting objectives beyond their own. One regional materiel manager stated:

> "There's a principle on this revenue dependency that just because you pay SSC, they will feel more accountable to you. That's nonsense".

On the issue of charging for mandatory services, another manager complained:

> "If I use SSC for contracts within my own delegated limit, then charge me to discourage me from using it. But if I have to go through SSC, don't slap me in the face by charging me 15%"

The widespread frustration with the inflexibility and obvious anomalies of the present fee structure may account for the surprisingly strong negative attitude to revenue dependency. (In contrast, there are few complaints about revenue dependency for optional services.)

As long as SSC is driven by the current form of revenue dependency to maximize transactions in order to finance its operations, it cannot devote the resources required to provide better supply management and procurement planning, nor can it delegate a significant volume of transactions without a serious loss of revenue. Therefore, it is necessary to change the current system of revenue dependency in order to achieve a more flexible supply system.

IV. VISION 2000

In order to address these problem areas, SSC is promoting a new role for the department in which SSC would become, to a large extent, an advisor and facilitator by encouraging the development of common systems, promoting information-sharing within government and developing operational tools. This program is called Vision 2000. According to SSC, Vision 2000 will lead to the introduction of a technology-based system through which the client, the supplier and SSC personnel can interact with each other to the extent that clients can do as much of their own purchasing as they consider desirable. In addition, SSC would become a centre of expertise from which clients can draw to carry out acquisitions as required.

While the system is intended to offer automated ordering as well as paperless custom contracting, certain acquisitions are not currently planned for inclusion in Vision 2000. These include commodities which do not lend themselves to an automated ordering system (eg., commercially available products which are purchased in small quantities or those that are of sufficient complexity to warrant contracting as a custom item).

SSC hopes that, ultimately, clients will be able to opt into or out of the system at varying levels of dollar value or volume, for various parts of their organizations or at a select geographic location, all at the client's choice.

V. CONCLUSIONS

The basic reasons for establishing SSC - the need to promote solid procurement expertise and to capitalize on economies of scale and centralized supply management (as opposed to simply issuing contracts) - and the goals of supporting prudence and probity and other key national objectives remain valid. However, the nature and degree of client dissatisfaction make it abundantly clear that some changes are required in the approach SSC brings to its work, in the specific functions it performs to support these goals and, particularly, in the way in which it serves its clients.

For example, the need to ensure greater competition and openness in the bidding process can result in a divergence of objectives between SSC and the client wherein the client may not have acquired the product it really needed. However, it is clear that questions of timeliness, service levels and regional concerns must continue to be balanced against savings in procurement and total life cycle costs. Bulk buying and competition can clearly result in significant savings as well as in the preservation of integrity, fairness and openness. With procurement expenditures in the billions, savings to the taxpayer can be substantial. The issue is the method by which to achieve this balance.

The automated supply methods proposed under SSC's Vision 2000 to increase emphasis on service to clients should be continued. SSC needs to provide much faster, responsive service, so that managers making decisions will consider it as a viable option in the achievement of their aims. In addition, the automated system should free up SSC PY resources to devote more attention to management of the supply system, contract administration, supply planning, analysis, disposal, etc..

The degree of delegation, the extent to which departments take it up, and automation of low dollar value procurements will determine the impact on the SSC regional workload. Currently, just over 30% of regional transactions are under $1000, about 54% under $2500. The comparable percentages for SSC head office are 25% and 28%. As decision-making authority in the public service moves down and out through all departments, there should be greater scope for the client's regional operations. On the other hand, extension of the open bidding concept may tend to work against regionalization.

In reviewing SSC, the Task Force was impressed with the efforts that SSC has been making to review its role and in proposing a vision for the nineties that will change and upgrade its current type and level of service. The following recommendations are believed to be consistent with and supportive of this direction. They are aimed at increasing the flexibility of managers and employees in procurement while maintaining the advantages of a central procurement function and the current mandate and responsibilities of SSC in this field.

VI. KEY RECOMMENDATIONS ON SSC

It is recommended that:

3. The Government and SSC make a firm commitment to provide, on a progressive basis, more purchasing delegation to departments, by commodity type and by client. Therefore, by April 1, 1991, the basic delegation level to client departments be increased from $1000 to $2500. In the event that the system referred to in Recommendation 4 cannot be implemented for whatever reason, then the increased delegation is to reach $10,000 by April 1, 1994.

4. Over the next four years, SSC establish a method of procurement in which SSC provides departments with unlimited access to a technology-based system that permits clients to do much of their own purchasing. As a minimum, the system is to provide electronic access to standing offers and other basic contractual transactions as well as information gathering sufficient for SSC to carry out its functions and responsibilities. In effect, this would provide departments with virtually unlimited delegation to carry out their own transactions using information and pre-approved contractual arrangements provided by SSC.

5. In addition to the above, SSC consider a number of short term initiatives aimed particularly at reorienting SSC much more sharply towards client service and satisfaction. These initiatives should include:

    5.1 For highly specialized or relatively unique requirements, SSC immediately providing more meaningful and selective delegation to client departments, based on the commodity type and the client.

5.2 Establishing a credit card system to eliminate requisitioning and billing paperwork and to facilitate data collection.

5.3 Establishing client portfolios, at least for extensive users;

5.4 Establishing a streamlined approach to deal with low dollar value procurement or stock item procurement.

6. SSC establish and maintain a centre of expertise from which departments can draw to carry out acquisitions as required, acquire advice and receive assistance with problems.

7. SSC develop proposals, within a one year period, for a new approach to replace the existing revenue dependency system to promote a more cost-effective procurement system and to reduce internal billing costs. Any new system must take into account the new role and function of SSC under the regime proposed above.

CHAPTER 4

PUBLIC WORKS CANADA

I. INTRODUCTION TO PWC AS A COMMON SERVICE AGENCY

An effective Department of Public Works (PWC) is essential to the operation of all departments. As a landlord, PWC is responsible for providing facilities critical to the personal and organizational health of public servants and to the provision of services to the customers of tenant organizations. As a services agency, PWC professional expertise is essential in the planning, acquisition, design, construction and operation of the vast and varied portfolio of federal lands and facilities used to deliver government programs.

As a result of various studies and task forces, PWC has been in a constant state of reform for some 25 years, resulting in a number of new management initiatives. Since 1986, with the backing of Cabinet and Treasury Board, PWC has been singly committed to implementing a massive, coherent and integrated reform program focused upon improving its services to clients and tenants, its organizational effectiveness and its commitment to its own people. The reform has included a redefinition of the role and program structure of PWC, fundamental organization restructuring, the shift of many financial operations from an appropriation to revenue dependent mode and the overhaul of contracting practices. While structural elements of the reform have been implemented and are now being fine tuned, the required cultural change within PWC - towards greater client and tenant service and towards a commercial form of operation - will take more time.

The Task Force supports the direction of the PWC reforms to improve its sensitivity to client needs and service delivery. However, there are specific areas of reform which the Task Force believes should be accelerated and fine tuned in order to provide greater autonomy to PWC tenant organizations and greater optionality to users of PWC architectural and engineering (A&E) services.

II. TENANT AUTONOMY - REAL PROPERTY PROGRAM

Within the federal system the "administration" of special, program specific real property is assigned to user departments and 'administration' of general office facilities for use by departments is assigned to PWC and managed through its Real Property Program. (Organizations with administration are called Custodians and are empowered with the attributes of ownership; organizations housed in PWC buildings are called Tenants.)

The PWC Real Property Program is particularly sensitive because it includes the headquarters of all departments, contains the work location of about two-thirds of public servants, includes the points of service of many programs with high user publics

(EIC, NRC, HWC). Its facilities are also very visible, being located mainly in urban areas with almost 50% of the inventory in the National Capital Region. The program objectives are to provide safe and productive working environments for tenants while optimizing investments in real property assets. The program must also consider its contribution to broader objectives such as 'federal presence' and economic development in local communities.

Under this program, PWC performs the role of landlord responsible for acquiring and managing the facility while user departments carry out the role of tenants responsible for specifying requirements and requesting renovations from the landlord. Most tenants receive accommodation 'free of charge', while PWC is appropriated funds for capital and O&M for Crown-owned buildings and for payments for leased buildings. However, tenants are provided funds for 'tenant services' which are non-base building interior changes carried out during occupancy and have full discretion in how tenant services funds are allocated. As with a normal private landlord/tenant relationship, however, PWC (the landlord) must approve changes and carries out the tenant services using its own staff or contractors under its direction.

The program has historically been tightly controlled by Treasury Board due to the public sensitivity of the quality and quantity of office accommodation provided for public servants. Starting January 1, 1989, TB delegated authority to PWC for accommodation policy and standards and has increased fivefold PWC's authority for competitive leases. During the past year, PWC has been internally delegating much of its increased authorities from TB to its regional operations to empower its staff to serve tenants better.

Despite these changes, the Task Force found client frustration with the system, particularly with the slowness of PWC response in acquiring facilities, the costly and cumbersome process for making tenant services renovations, the location and quality of some facilities and the lack of control they have over the quality of cleaning services in general.

III. MANAGERS' CONCERNS

The following quotations illuminate some of the views expressed by managers on the delivery problems of PWC's Real Property Program:

> "One of the major problems we find is when we need new space. PWC is not able to respond quick enough. The channels they have to go through, and we can't even talk to the realtor."

> "PWC is a lousy landlord and they're even worse lease managers. We wind up having to manage our own leases. There's no support there at all. We almost had to go through Access to Information to get a copy of the lease on our building."
>
> "The departments are always forced to justify things over and over again. We need room for drafting tables or space to meet with clients. The PWC response is, well, you're not entitled to a meeting room for clients. Well, we're not entitled to have clients I guess."
>
> "We require movers a lot and that service has to be contracted by PWC. We can't do it ourselves. We're only talking about maybe $500 per day for two men for example. Why do we have to go through PWC for $500 to hire two men? And PWC won't take a phone call. They've got to see the actual requisition."
>
> "A lot of time, I feel that what PWC charges is ridiculous. I wanted to get a counter built and I didn't know I had to go through PWC. But then PWC said it would cost $3000. Well, I had it built by someone else for $600. I nearly got fired, but I saved $2400."
>
> "For ordering a screen from PWC, they charge us 15% and then contract for it through SSC who charges them 4%. So they make 11% off our mistake in sending the requisition to PWC in the first place."
>
> "Instead of telling PWC what we want, why don't we just tell the contractor?"
>
> "In regards to tenant services, our department feels that we have a lot of expertise because we have 450 offices across the country. We think we can handle it ourselves."

IV. CONCLUSIONS

The Task Force recognizes the inevitable difficulty of the landlord/tenant relationship at the best of times and that the reforms implemented in 1989 have in many cases yet to affect the day-to-day operations of PWC and tenants. Two changes implemented as a result of the short term recommendations of the Task Force should assist PWC to provide more responsive service to clients. The change in the definition of "competitive contracts" to include cases when only one bid is received from a public tender will eliminate the need for TB approval of many small leases. Also, the change in the definition of "competitive" for non-consulting service contracts to include "best value" as well as "least cost" will provide much opportunity to engage better quality cleaning contractors.

Although these changes will improve the delivery of the program, the Task Force concludes that additional reforms are needed if program managers are to have the ability to ensure their requirements are met and in a timely fashion. These reforms should take place in two areas - the priority PWC assigns to meeting tenant location needs and the flexibility provided to tenants to carry out tenant services.

In its mandate for providing productive space for tenants and maximizing the investment in its inventory, PWC is frequently caught between two conflicting objectives. Occasionally, the pressure on PWC to fill vacant Crown-owned facilities can override tenants' need for locations to serve customers. Providing priority to tenant location needs may increase PWC program costs, but doing otherwise is a case of economizing in a support program while producing uneconomic results for both the line organization and the general public. Providing priority to tenants location requirements will place special responsibility on tenants to exercise discipline and discretion in articulating needs.

There is no single formula to provide increased tenant autonomy regarding tenant services. Situations vary widely depending upon the size and capabilities of the tenant, Crown owned vs leased buildings, single-occupant vs multi-occupant buildings and remote vs urban locations.

Rather than create a single formula or designating a specific dollar threshold, the Task Force believes that tenants and PWC should develop building and tenant specific solutions based upon roles for both parties as follows:

- The landlord (PWC) should have exclusive responsibility for providing the required facility and for maintaining its structural integrity. The landlord should approve and/or post audit all changes to the interior environment of the facility to ensure structural integrity and other technical standards are observed.
- The landlord should ensure that administrative arrangements are in place (eg: standing offers) to permit the tenant to arrange for tenant services which the tenant wishes to carry out directly or to organize PWC realty services to provide prompt and efficient tenant services on behalf of the tenant.

- The tenant should have responsibility for and the option of determining the autonomy and discretion it wishes within this relationship for carrying out tenant services. The tenant should be accountable for following established technical standards and processes when carrying out tenant services directly and for obtaining required landlord approvals.

Although tenants would have authority to contract directly for tenant services under these recommendations, it would not reduce the tenants' responsibility to follow government public tendering practices. Currently for construction contracts above $60K, public notice (newspapers, journals) are used and should be continued. For contracts under $60K, PWC uses its ACCORD (Administration and Control of Contracts and Regional Data) system which is a computerized method of creating short lists of contractors bids. The Task Force considers that the ACCORD system should be retained in the new arrangements, but where appropriate, tenants should have direct access to the system.

PWC has raised the issue of whether ACCORD should be made mandatory for custodian departments that currently do their own similar services contracting. They have noted that at the present time, ACCORD provides a window for suppliers to work with the government and a level of "safety" in the contracting process. There is also some confusion as to the relative future roles of PWC and SSC in such contracting, particularly in light of the SSC Vision 2000 model. This is an area that should be reviewed by the Treasury Board Secretariat and the concerned departments.

V. ARCHITECTURAL AND ENGINEERING SERVICES (A&E)

Architectural and Engineering (A&E) are one of the several real property services provided by the PWC Services Program. Except for A&E, all other significant services are designated as 'optional' under the TB Common Services policy.

PWC A&E services are responsible for providing professional and technical services for the design, construction and project management of federal facilities and infrastructure. In most cases, PWC operates as a turnkey project manager for its clients, using private sector professionals to carry out the majority of the design function and private firms to deliver all construction.

In 1987-88, under the Cabinet approved A&E consolidation program, some 900 professional, technical and administrative staff responsible for A&E work in DOE (Parks), MOT (Air) and DINA were transferred to PWC. In addition, all PWC services were converted starting April 1, 1988 from partial cost recovery to full revenue dependency using 'market based' fee structures approved by Treasury Board with departments given increased envelopes to pay for the new charges. During the past few years PWC A&E and its clients have been adjusting to the administrative, financial, organizational and cultural changes needed to operate $1 Billion business of 2,300 employees on a commercial basis.

Another major area of reform for PWC A&E has been the use, starting April 1, 1989, of SPEC (Selection Prequalification and Evaluation of Consultants) as the process for contracting for architects, engineers and other real property related professionals. It provides a balanced system which preserves the concept of public right to opportunities to bid for government contracts, operates efficiently and minimizes bureaucratic and political patronage.

PWC clients accept the technical expertise of PWC and the need for PWC to manage large projects. Custodian concerns are focused on the fee cost and the timeliness of the PWC response to smaller assignments. Custodians consider that they are often capable of managing small projects and related construction contracting which only require A&E advice and that no value is added by PWC project and contract management in such circumstances.

The option of changing A&E services from mandatory to optional has been discussed with PWC. For a variety of reasons, PWC does not support the change at this time. They have argued that smaller projects are required for the training of staff; that optional services would lead to pressures to re-establish engineering groups in departments; that optionality would gradually erode the ability of PWC to maintain a centre of A&E expertise available to handle the unique requirements of government; and, that even if departments used the SPEC system of PWC, there is sufficient discretion in the use of that system to create some risk of contracting problems.

The Task Force has considered PWC's concerns, but has concluded that small A&E projects are a major irritant to clients and that the reasons provided by PWC are not sufficient to maintain the mandatory status of A&E. The Task Force is of the view that some of the risks associated with the move to optional service can be offset by the use of the SPEC system and ensuring that departments utilize it properly. In addition, the Task Force feels that PWC is over estimating the impact on its organization of the shift from mandatory to optional services. It is likely that most departments will continue to use PWC because it is either easier or does not require deploying scarce departmental personnel to manage the services. The areas where departments are most likely to undertake the work are the small or specialized project needs where PWC does not have a strong capability. Finally, the Task Force believes that by removing many of these "irritants", the relationship between PWC and departments will improve and that PWC will be able to focus its energies on the most critical value-added A&E functions.

The Task Force does recognize, however, that to operate in this more competitive environment, PWC may require special "freedoms" from current government management policies. Also, if person year (PY) decontrol is implemented across government, Treasury Board may have to establish special rules to restrict the growth of departmental A&E organizations. The Task Force concludes that full optionality is preferred, while still retaining the concept of centralized contracting for private A&E professionals.

VII. RECOMMENDATIONS

The Task Force recommends that:

8. The operations of the Real Property Program be revised to provide greater flexibility and autonomy to tenants within the landlord/tenant relationship by:

8.1 developing the bilateral tenant specific standards which give priority consideration to tenant location requirements for those functions which provide direct service to the public;

8.2 providing tenants the option of carrying out tenant services either directly with contractors or through PWC, subject to PWC retaining the minimum level of control essential to protect the structural integrity of its buildings;

8.3 redefining tenant services to include as many activities as possible under this category and transferring funds for these additional areas from PWC to tenants;

8.4 retaining ACCORD (Administration and Control of Contracts and Regional Data) as a mandatory system for small construction and services contracting but adapting it so that tenants have access to the system when they wish to contract directly.

9. The operations of PWC Architectural and Engineering services be designated as 'optional' under the Treasury Board Common Services policy as of April 1, 1992 subject to:

- PWC's SPEC (Selection Prequalification and Evaluation of Consultants) system being the sole method for engaging private sector A&E professionals;
- the government ensuring that departments do not use the 'optional' status to recreate internal A&E organizations.

CHAPTER 5

DEPARTMENTAL MANAGEMENT

I. INTRODUCTION TO DEPARTMENTAL MANAGEMENT

The work of the Task Force on Administrative Policies and Common Services started by focusing on the role of central agencies and service departments. As our work progressed, it was evident that managers thought their own departments were also responsible for a large part of the problems they experienced in managing.

The themes of inadequate delegation within departments, and insufficient communication of new policy options emerged in surveys of regional councils conducted by the Task Force 2000 secretariat. These issues were also raised in various regional meetings held by Paul Tellier, John Edwards and the Secretariat staff. Finally, these problems came up frequently in the focus groups held by our Task Force across the country in May 1990.

While managers were very positive towards increased authority and flexibility in areas such as contracting, procurement and common services, they were also cautious about the resource implications of these changes. Many expressed concern about the ability of their relatively small offices to take full advantage of increased authorities and they expressed strong needs for good communication and training to accompany changes.

As one manager put it in the focus group discussion:

> "I think that there are two points of caution that I would offer, just to reinforce what other people have said. The kind of change we are talking about is a fundamental change in the style of management in the federal Public Service. There's no point in tinkering with the system and changing bureaucracy from central agencies to some place else (i.e the departments). We're talking about a really fundamental change. If people don't appreciate and understand that then it is not going to work."

Without a major effort by departments to review how they develop their own management practices and procedures many of the aims of PS 2000 will not be achieved in the areas of administrative policies and common services.

II. MANAGERS' FEEDBACK

There were four major issues related to departmental management identified by participants in the focus groups.

Four Major Problems

1. Department Management Culture

The most pervasive problem identified by managers is the rule-bound, risk-averse culture of most departments. There are many contributing factors to this culture which are peculiar to the public sector:

- central agency policies have, up to now, promoted a control and compliance orientation in departments as opposed to achievement of results or program objectives.
- deputy ministers and senior executives who have so many demands on their time tend to rely on corporate groups to be "watch-dogs" to keep them and the Minister out of" trouble or respond to the needs of central agencies.
- the fish-bowl environment of government means that errors are highly publicized and can create questions for the Minister or senior officials. This is aggravated by the annual Auditor General's report and internal audit reports which usually call for more controls and regulations, rather than identifying areas where streamlining of regulations can be accomplished.
- the typical response of government in the past (both central agencies and departments) to problems identified is to issue new rules or controls limiting everyone's discretion and providing a clear signal reinforcing a risk-averse culture.

As a result of some of these tendencies in government, managers and employees often feel that they are not rewarded for innovation and are systemically discouraged from creating "problems" that could cause anyone at a superior level to have to answer questions. Overcoming this culture of risk avoidance and the preoccupation with errors as opposed to results will take sustained leadership and commitment within departments.

2. The Need for Department Streamlining to Parallel Changes in Central Agencies and Service Agencies

Treasury Board has already begun streamlining and reducing administrative regulations. If the recommendations of this Task Force are fully implemented, the role of common service agencies will change considerably. The challenge in the next few years is for departments to do the same. Many of the departments developing IMAA MOU's found that a large number of the irritants they faced were a result of their own rules and had little to do with Treasury Board or other central agency requirements.

Managers at regional and Ottawa levels expressed concern during the focus groups that once departments had achieved increased authority from central agencies there was little incentive for them to pass it down and every reason to establish "mini-Treasury Boards."

Most participants in focus group meetings were still not aware of the recent change of SSC to increase procurement levels to $1,000 and $2,500. Many were not aware of the increases of authority and the options provided to departments under PS 2000 in areas such as contracting, hospitality and security. They were also not familiar with deregulations that had taken place by Treasury Board over a year ago and announcements of special operating agencies in December, 1989. There was some concern that the changes made under the PS 2000 initiative in March would take place in headquarters and that the regional operations would not benefit.

Participants in several focus groups noted that internal departmental procurement processes had to be streamlined before departments really could benefit from increased authority. This would involve a reduction of the number of signatures and approval levels required, and the number of people required to check a document before it proceeds to the next step.

In terms of both contracting and procurement, participants supported increased delegation but cautioned that such increases were only one (albeit significant) part of the solution to finding more efficient means of meeting departmental needs.

In many meetings, participants felt that departments could make significant progress by simplifying their processes as much as possible, reducing their paperwork burden, "getting rid of all the hoops we go through", removing the cumbersome accountability chain and avoiding the duplication and excessive verification of work in each step of the process. They also wanted their internal service groups to be more client and service oriented. Two senior regional managers put it this way:

> "I have a nice sheet of delegation of authority between my department and myself which covers everything. But, I really cannot spend a cent without going to someone else or a committee within the department."

> "I think that the real problem in most of the areas is in their own departments and this horrendous tendency to keep everything in Ottawa." Because we hold back authorities the regions are limited in the kind of contracting they can do. It seems to me that the whole thing is not going to succeed unless the whole bloody system is cleaned up...Get away from national controls."

Another frustration for service agencies is when their delegations within their own departments make it very difficult to be responsible to regional or district clients because they have to go to a regional headquarters office for approval of small items or to HQ in Ottawa. To overcome some of these problems, managers strongly supported widespread communications of the findings and recommendations of PS 2000 through the media, Treasury Board publications, and departmental publications. They suggested that central agency staff provide briefings to regional offices and staff across the country and that training programs be developed where possible to help departments and managers adjust to change.

3. Impediments to Change: Resource Implications

In our focus groups, the participants expressed considerable concern about the resource implications of further delegation and the implications for development of expertise and training requirements within departments. Generally, they welcomed more flexibility and authority in contracting, procurement and other areas, but were more cautious than the Task Force would have expected. They were genuinely concerned about their ability, given their resources, to perform additional functions. In some cases managers noted that they would like to have more procurement authority but that they would still tend to use DSS because it had the person-years and the expertise which would be hard to duplicate at the departmental level. Here are some examples of their views:

> "If they do increase delegation to departments, we're going to have an added workload...it takes a certain amount of time before people are capable of providing advice and also coming up with alternatives."

> "It is always nice to see things given to departments and for them to do it, but at the same time, it is also a certain amount of work. We have to stick within the rules and regulation as they stand presently at DSS, we have to tender correctly ...and that takes staff and its takes expertise that you haven't got in the departments." (Winnipeg)
>
> "It is great to decentralize control, but unless the PY's come with that decentralization, you won't make things any more effective - and perhaps even less effective -because we simply don't have the people available to implement the process. If you are going to transfer control and responsibility you have to transfer PY's as well. (Halifax)
>
> "I hope they take some caution and look at what the implications are before they make the changes. Know what the ramifications are in the departments and the PY allocations that will be required and the dollars that will be required to do the job in departments."

Given these concerns it will be important for the federal government and departments to recognize the resource implications of increased authorities and delegations. Although there are definitely some efficiencies to be gained from reducing paperwork and the number of agencies involved in low-dollar value procurements and tenant services expenditures, it should also be noted that many of the support groups in departments have been downsized to the point where additional responsibilities are very hard to accommodate without reducing their services to line operations in other areas.

4. Role of Managers and Departmental Support Groups

Most participants who attended focus groups felt that changes in central agency policies, more delegation and departmental reforms would require an increased emphasis on training and communication of new policies and their implications. It was also evident from our focus groups that many employees completely rely on their staff groups to know the rules and help them work through a very complex governmental system. If employees are to accept more responsibility and authority in areas such as contracting or procurement, there will be a requirement for increased training and/or more expertise and advice from support groups.

The following quotes are very typical of the comments of many of the line managers in Ottawa and the regions. The individuals have so many program demands and requirements that they rely extensively on various internal administration groups:

> "Something odd and I find it interesting is that I know so few of the rules. All I do is go to somebody and say "I need or I want to do this. Tell me how I do it." They tell me how I do it and I do whatever they tell me as long as I get my results which is whatever I asked for in the first place. I don't really worry about their rules. So I don't even know how I would fix the rules if I tried because I don't know what these rules are."
>
> "As a manager with all the increased delegation that's coming down, its a double-edged sword. Everybody wants me now to become an expert in everything. I cannot retain all the knowledge I should have in staffing or contracting. I find I'm getting quite burdened with all these details. I am lucky now I've got a support person. But, a lot of units don't. I can't be an expert in everything."
>
> "Don't ever underestimate the power of training -it's not learning how to do something that you've never done before - although there is some of that -it is a whole mind-set change - you're not used to doing this the first time (it's) handed down."
>
> "Make the delegation commensurate with the training."
>
> "I think that as the government attempts to delegate more and force more decisions down and raise authority levels and these kinds of things, it's going to be essential that the message coming down expresses the accountability side - that managers in exchange for this are going to have to be more accountable and more training is needed to help make them more accountable."

It is likely that the support functions of most departments will be most affected by changes by central agencies and departments. To carry out a changed role, training and communication will be very important for both line and support groups.

III. DEPARTMENT MANAGEMENT: THE PROBLEM OF DELEGATION

There is a lot of misinformation about the question of departmental delegation. One of the most interesting parts of the work of the Task Force was that neither central agencies nor departments were aware of the extent to which various authorities had been delegated. It was obvious that the question of sufficient authority was not a primary concern except for those who did not feel that they had enough authority with which to operate.

To ensure that the Task Force had a solid idea of existing delegation levels, the PS 2000 Secretariat and the OCG surveyed authority levels in areas such as consulting contracts, non-consulting contracts, hospitality, and local purchase orders. Although it was expected that there would be major differences in authority levels due to differences in the size and nature of departments, the results of this survey confirmed the worst fears of the Task Force.

Highlights

To understand and summarize the data received, the Task Force developed Figure 1 which compares delegations in 14 departments for 5 policy areas (i.e consulting contracts, non-consulting contracts, goods contract, local purchase authority, and hospitality). By taking four levels in each department and determining the level of delegation in these policy areas for each, the extent of total delegation was determined.

Of the 14 departments surveyed, only four departments have delegated most of the authority to Director General (DG) and Responsibility Centre Manager (RCM) levels. The majority of departments have not delegated any authority, or have delegated only a small portion of the authority. Overall, within a department, the authority level of the Regional DG is lower than the authority level of the Headquarters DG. The same can be said about the Regional RCM and the Headquarters RCM. There is a marked difference between the authority levels of the DG vs the RCM; the RCM authority level being generally much lower than the one of DG.

Figure 2 summarizes these results of the 14 departments and the five policy areas surveyed. Only 29% of the positions surveyed had full authority delegated to them, while 32% of the authority has not been delegated at all. While it was not expected that the full authority would have been delegated to all positions, it was very surprising to find departments which have not delegated any authority to these levels. In some departments, the level of authority for contracting for regional directors and resource centre managers is miserably low.

In the context of the Task Force discussions about increased delegation by SSC, the numbers in Figure 3 showed why managers were complaining about delegation within their own departments. The delegation for Local Purchase Orders ($500 at the time of the survey) illustrates that almost half of the Directors General and Resource Centre Managers did not have any of the existing authority provided by SSC in this area.

Because managers in many cases have limited authority or have to deal with numerous bureaucratic processes, they are often unable or even unwilling to provide much flexibility to staff. This is one of the main causes of morale problems in the public service.

IV. CONCLUSIONS

It is clear from the feedback the Task Force has received and the experiences of other organizations in making changes to reduce bureaucratic processes that there are many barriers to change. These barriers can be rooted in the culture of departments, the management style and approach of the department and in very specific areas such as resources, communications and training.

Many departments are becoming aware of the need to streamline their management procedures. The IMAA process has facilitated this to some extent and so has PS 2000. However, it is not yet clear that departments have been able to give this the time, energy and commitment that it requires to make change happen. Without a major effort by departments to review how they develop their own management practices and procedures, many of the aims of PS 2000 will not be achieved in the areas of administrative policies and common services. In addition, managers and employees must become much more aware of administrative policies and roles of common services and must desire to assume more authority in these areas.

These types of problems are not only restricted to government. The Task Force had a very interesting presentation from IBM describing their own organizational difficulties in this area and the initiatives that they have taken to provide an more innovative work environment. The conclusion of their work was that to counteract the tendency of organizations to become process-oriented and rule-bound, it is necessary to adopt a very strong initiative in which the senior executive of the organization and managers can reinforce as well as reward the desired change.

Challenges of Change

Because of the difficulty of changing the approach to administrative policies and common services in government, top-level commitment is absolutely required in a department to make change. The support of the Deputy Minister and the entire management team are critical to provide the right signals and sustained attention to these types of problems.

The requirement for top-level support and attention to the change process is all the more important because increased authority and flexibility is usually related to questions of accountability. The aim of PS 2000 can be achieved only if the recommended changes are combined with an extensive communications program throughout the entire organization and are enriched by the participation of all employees. In order to facilitate changes that would support the aims of PS 2000, departments should:

- Undertake a major communications program to involve staff in the change process by: seeking their views, identifying opportunities for improvement, and determining ways to change management processes that stifle initiative or create unnecessary constraints.

- Undertake reviews of procedures and look for ways to simplify the systems by reducing constraints on managers and clarifying authority, responsibility and accountability.

- Develop communication programs promoting key values or principles to ensure managers and employees understand how the department will approach increased delegation and streamlining and institute recognition programs and initiatives (formal and informal) to encourage the necessary changes.

- Assess the resource implications of delegation of increased contracting authorities and common service functions on department support service functions - particularly at the regional level to ensure that managers are able to respond to increases in authority and flexibility.

- Audit samples of transactions (e.g contracts, procurements) as opposed to pre-transaction approvals to ensure accountability. They could also use audit and evaluation groups to review the efficiency of procedures and paperwork and identify better ways to manage and highlight good examples of where it is being done well.

- Develop and implement required training and development programs to support this change.
- Implement as much as possible automated procurement, contracting and assets management systems to streamline procedures, reduce paperwork and thereby free-up more resources for program delivery.

V. RECOMMENDATIONS

The Task Force recommends that:

10. **Deputy Heads ensure that increased delegations and policy flexibilities provided by central agencies are well communicated and that they are matched by equivalent delegations, flexibility and accountability for managers.**

11. **Deputy Heads review internal delegations, procedures and accountability structures to ensure that managers have the maximum possible authority and flexibility to manage programs and provide services to the public or department clients.**

Additional recommendations on communications and training are included in the following chapter on implementation.

Figure I

RESULTS OF THE SURVEY ON THE DELEGATION OF AUTHORITY WITHIN DEPARTMENTS

DEPARTMENT	CONSULTING				NON-CONSULTING				GOODS				L. P. O.				HOSPITALITY			
	*1	*2	*3	*4	*1	*2	*3	*4	*1	*2	*3	*4	*1	*2	*3	*4	*1	*2	*3	*4
NAT. REV. TAX	F	F	F	F	F	F	F	F	50k	50k	50k	50k	N	N	N	N	N	N	N	N
NAT. REV. C&E	25k	N	N	N	50k	2k	50k	15k	40k	15k	40k	25k	N	N	F	N	$100	N	$100	N
E&I.C.	10k	N	10k	N	10k	N	10k	2k	N	N	N	N	N	N	N	F	$500	N	F	$200
TRANSPORT	30k	N	50k	N	50k	N	F	N	N	N	F	N	F	N	F	F	F	N	F	N
AGRICULTURE	50k	15k	50k	25k	50k	15k	50k	25k	75k	25k	75k	50k	F	F	F	F	$500	$500	$500	$500
CSC	F	N	F	F	F	N	F	N	F	F	F	F	F	F	F	F	$500	N	$500	N
NH&W	F	20k	F	20k	F	8k	F	20k	F	10k	100k	25k	F	N	F	F	$500	N	$500	N
F&O	F	F	F	F	F	100k	F	100k	F	100k	F	100k	F	F	F	F	F	N	F	N
IANC	50k	50k	50k	50k	60k	60k	60k	60k	40k	N	40k	40k	F	N	F	F	$500	N	$500	N
ENV.	50k	N	25k	10k	F	50k	F	25k	N	N	N	N	F	F	F	F	1k	$500	1k	N
COMM.	N	N	F	N	N	N	5k	N	F	F	F	F	N	N	F	N	F	N	F	N
C&CA	15k	10k	10k	1k	15k	10k	10k	1k	20k	20k	10k	2k	N	F	N	F	F	F	F	N
PSC	25k	10k	N	N	50k	15k	N	N	25k	10k	N	N	F	F	F	N	$200	N	N	N
S.S.	10k	5k	10k	N	10k	10k	25k	N	10k	10k	25k	2k	N	N	N	N	$250	N	$250	N

																					Total number	Total in percent
** F	4	2	5	3	5	1	6	1	4	2	4	2	8	6	10	9	4	1	5	0	82	29.3%
76-99	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
51-75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	2	0.7%
26-50	4	1	3	1	1	2	1	2	0	1	2	1	0	0	0	0	5	2	4	1	31	11.1%
1-25	5	5	4	4	7	7	6	6	7	7	5	7	0	0	0	0	3	0	2	1	76	27.1%
	1	6	2	6	1	4	1	5	3	4	3	4	6	8	4	5	1	11	2	12	89	31.8%
																					280	100.0%

The survey covered 14 departments,
5 policy areas and 4 positions*
(2 in headquarters and 2 in the
regions)

Headquarter
*1-Directeur General
*2-Responsibility Center Manager
Region
*3-Director General
*4-Responsibility Center Manager

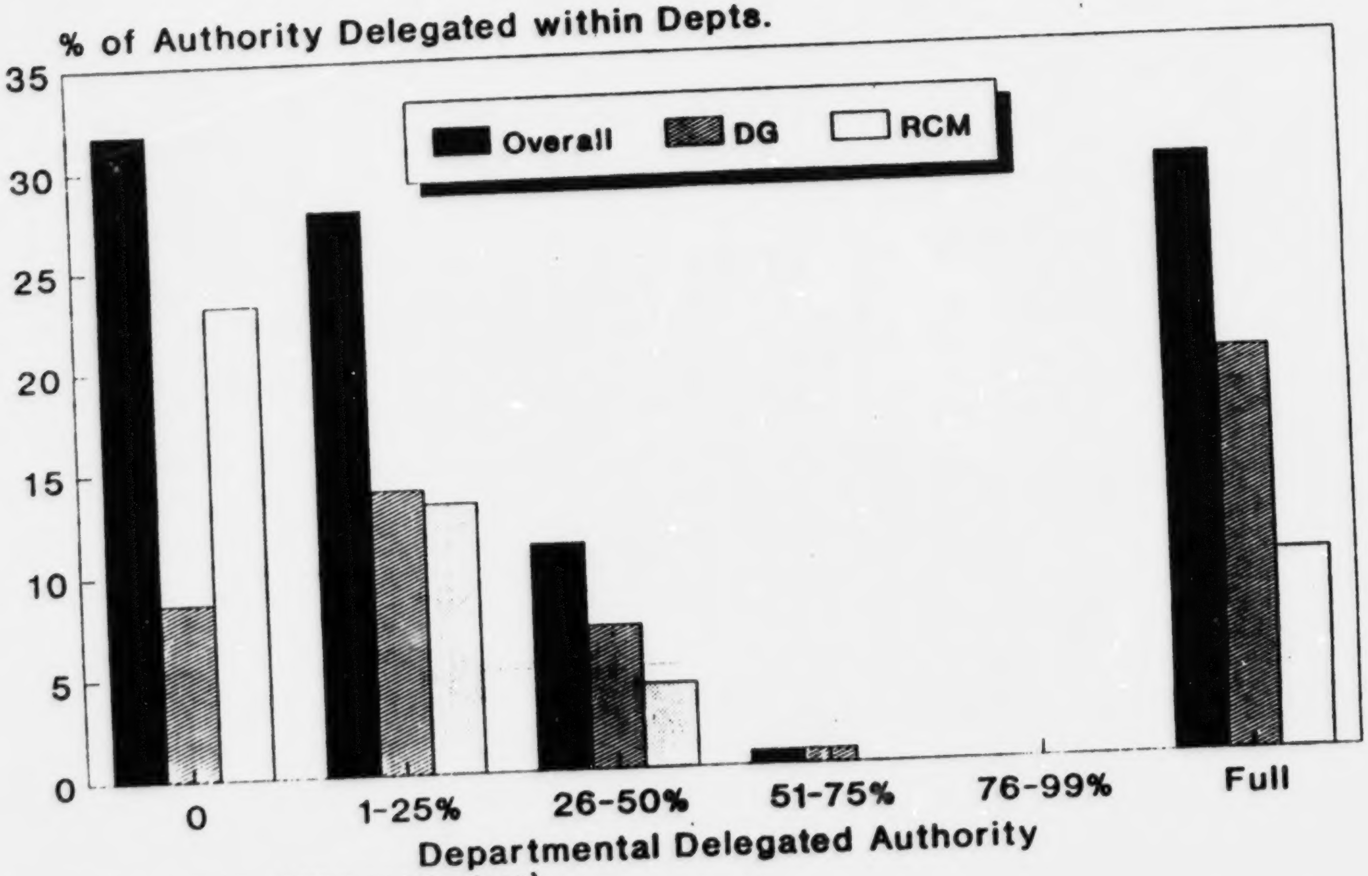
F = Full Delegation
N = No Delegation

** % of amount of authority delegated to departments

Figure 2

Delegation of Authority to 4 Titles within 14 departments for 5 Policy Areas

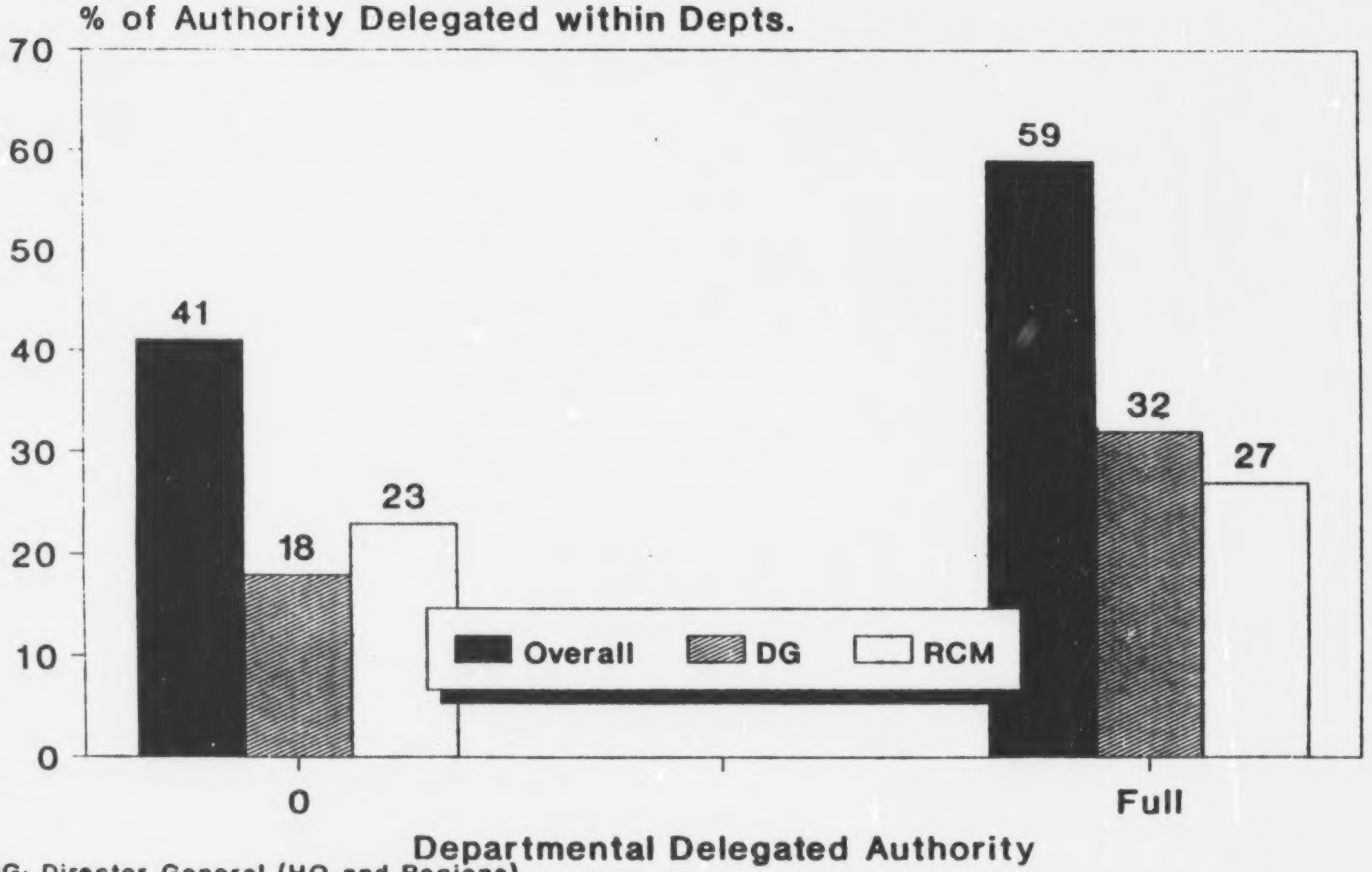
(Consulting, Non-Consulting, Goods, LPO and Hospitality)



DG: Director General (HQ and Regions)
RCM: Responsibility Centre Manager (HQ and Regions)

Figure 3

Delegation of Authority within 14 Departments for L.P.O.



DG: Director General (HQ and Regions)
RCM: Responsibility Centre Manager (HQ and Regions)

CHAPTER 6

IMPLEMENTATION

I. INTRODUCTION TO IMPLEMENTATION

This chapter presents an action plan to implement the recommendations of the Task Force and to monitor progress in a systematic manner.

II. RISK

One of the most difficult implementation problems faced by the federal government in the areas of administrative policies and common services is the management of the risks of errors and the potential problems this could cause for Ministers. Many of the current policies and mandatory services have developed from a requirement to centralize decisions or subject operations to processes which minimized public criticism or at least provided an easy defence against such criticisms. If major increases in delegation or changes in the roles of CSO's result in more "errors" or public revelations of problems, this will undoubtedly lead to demands for further controls or centralization.

But it must also be recognized that there are tremendous costs associated with reducing the risk of error to zero. To accomplish this requires complicated review processes such as auditing every travel claim. It limits the potential to delegate, which means that senior managers spend more time on paper work for small expenditures and less time managing. It means that staff groups, service agencies or central agencies are utilized to double-check everything that managers do. All of this consumes increasingly scarce resources at a time when departments are having difficulty finding the resources to deliver their basic programs.

The Task Force has been very aware of these potential problems from the outset of its work. Several of the recommendations have taken these concerns into account. In many respects the claims of increased risks of embarrassment are overstated and reflect the traditional tendency of government not to trust public servants or believe that they will act responsibly. This is not to say that there will not be some problems created by increased authorities. With the appropriate training, proper communications, better accountability, and the support of Ministers, departments should be able to create enough safeguards to provide more options and delegation.

III. RELATED INITIATIVES

Prior to discussing the Task Force's own views on implementation, we would like to underline other initiatives that were taken at the same time as the PS 2000 review. A good example of the excellent work of these committees is the report produced on May 30, 1990 by the Payments Practices Sub-Committee. The terms of reference of this Sub-Committee were: to identify best practices related to the Accounts Payable processes; to communicate information to departments in order to enable them to adapt the suggested practices; and make recommendations to the Chief Accountant's Council on payment practices. Their report contains good recommendations that are in the spirit of PS 2000, and when put in place, will clear some of the underbrush that we talk about in this report. Here are a few examples of recommendations contained in this report:

- That departments pay regular day-to-day suppliers on the basis of a monthly billing rather than on a transaction-by-transaction basis;

- That the Chief Accountants Council endorse a risk approach to the verification of accounts and provide the Office of the Comptroller General with information/requirements in order that policy revisions be more practical;

- That departments use petty cash for travel refunds under $100, and adopt the practice of issuing travel advances of less than $100 from their petty cash accounts where it is cost effective;

- That departments and agencies adopt the best practise of varying the degree of verification for sections 33 and 34 of the Financial Administration Act on the basis of dollar value to provide greater cost/benefit in the verification of travel claims.

The Task Force fully endorses the efforts and recommendations of this Sub-Committee and encourages other groups in the government to make similar initiatives.

IV. IMPLEMENTATION

The changes proposed by the Task Force present significant challenges. Breaking the inertia of a rule-bound culture will require a sustained effort from Central Agencies, Common Service Organizations and departments as well as support from Ministers of departments for increased delegation. In addition, adequate measures must be undertaken to enable the CSO's to come to terms with their new roles in an orderly manner that will minimize the impact of these changes on their employees.

A) Central Agencies

Administrative policies and the roles of common service agencies must encourage effective and efficient delivery of departmental programs to the public. They must allow sufficient initiatives to make final decisions at the appropriate levels. Government-wide directives must be limited to instances where there is a clear benefit or "value added" to the process of decision-making.

The Task Force believes that Treasury Board Secretariat should commence a review of administrative policies to better balance concerns of prudence, probity and economy with the following sets of questions:

i. Is there a requirement for this policy on a government/department-wide basis? Are we needlessly creating a government/department-wide rule to meet the particular needs of a special, limited operation?

ii. What are the cost implications of implementing the policy for departments and government?

iii. How will the policy be expected to affect on departmental operations, or on departmental management? Is it practical? Will it work? Is there any incentive to support policy?

iv. To what extent does the proposed policy reduce managerial authority? Can it be made more flexible in order to assist front-line managers in carrying out their duties or achieving program objectives?

v. Does it increase or reduce paper burden or routine bureaucratic requirements?

vi. Can it be communicated and understood easily?

vii. Will this policy allow the front-line manager to make the final decision, based on the circumstances?

Specifically, the Task Force recommends that:

12. The federal government adopt new principles for administrative policies based on maximum incentives, authority and commensurate accountability for managers at all levels and that central agencies and departments review their administrative policies and common services in this light. This will ensure that administrative policies and common services achieve a better balance between government wide management requirements and the need for departmental and managerial flexibility.

13. The Treasury Board Secretariat work with the Staff Training Agency and the Centre for Management Development and other appropriate institutions to develop the necessary training programs to implement the recommendations of this report.

14. Treasury Board Secretariat and Departments develop should extensive communication programs to ensure that all employees are familiar with new or changed policies, their authority levels and the implications of these policies for their responsibilities.

B) Common Service Organizations

Common Services must meet the need for managerial authority and flexibility as well as the need for economy, prudence and probity. The Task Force recommends:

15. All common services be reviewed periodically by a series of TBS-led interdepartmental program evaluations with study team representation by Treasury Board Secretariat/Office of the Comptroller General, CSO's and client departments.

16. That CSO's review all their operations on a regular basis to revise levels of delegations to departments and to ensure their services are being provided in a manner sensitive to the needs of clients.

C) Departments

Managers delivering programs are in the best position to apply their judgement and make decisions on the implementation of administrative policies. The Task Force sees the need to give managers maximum initiatives and authority to make decisions. Training and support to facilitate these judgements is essential. Building on the recommendation made in Chapter 5 regarding the need to delegate authority "down and out" within departments, the Task Force recommends that:

17. **Departments give high priority to developing a consistent internal communications thrust to complement government-wide communications initiatives. This will ensure that all departmental employees are aware of and understand the basics of the new or modified administrative policies, their authority levels, where to go for assistance and the implications of the changes for delivering departmental programs.**

18. **Departments provide or support the required training to ensure that all employees are able to take full advantage of increased authorities provided.**

V. Accountability for Implementation

To achieve the necessary changes, there must be in place clear responsibility for implementation of these changes and a framework for reporting on progress. The implementation of both the substance and the spirit of approved PS 2000 recommendations by Deputy Heads should be explicitly considered by PCO in annual performance reviews of Deputy Heads. The Task Force recommends that:

19. **An evaluation report be prepared for the Treasury Board on an annual basis for the next three years.**

    The evaluation report will use the following evaluation criteria:

    a) the extent of delegation of increased administrative policy authorities by Treasury Board and departments (to clients) compared with the situation as of April 1, 1990;

b) the extent of delegation of authority by DSS; by DPW;

c) the extent of delegation of all authorities within departments compared with the situation as of April 1, 1990;

d) the degree of progress in moving mandatory common services to the optional category;

e) the success of streamlining initiatives with respect to the administrative policies of:

    i) Treasury Board
    ii) Common Service Organizations
    iii) Departments

The Task Force should meet in the Fall of 1991 to review the draft report, assess progress against this framework, and as appropriate, make additional recommendations for consideration.

ANNEXES

ANNEX 1

TASK FORCE MEMBERSHIP

Ms. Margaret Catley-Carlson
Deputy Minister
Health & Welfare Canada
Chairperson

Mrs. Margaret Amoroso
Director General
Management Category Programs
Public Service Commission

Ms. Raymonde Dubois
Executive Assistant
Deputy Minister's Office
Health and Welfare Canada

Mr. Paul Gauvin
Executive Director
Finance & Administration
Employment & Immigration
Canada

Mr. Ghislain Leblond
Associate Deputy Minister
Agriculture Canada

Mr. Andy Macdonald
Comptroller General of Canada

Mr. Cliff MacKay
Assistant Deputy Minister
Industry, Science and Technology
Canada

Mr. Dann Michols
Director, Consultation and
Co-ordination
Royal Commission on New
Reproductive Technology

Mr. Reid Morden
Director
Canadian Security Intelligence
Service

Mr. Richard Paton
Assistant Secretary
Administrative Management
Division
Treasury Board Secretariat

Ms.Monique Plante-Boyd
Director General
Communications Directorate
Health & Welfare Canada

Mr. Derek Sweet
Public Service 2000

Mr. Frank Swift
Vice-President
Atlantic Canada Opportunities Agency
New Brunswick Office

Ms. Anne Wallis
Administrative Co-ordinator
Health & Welfare Canada

Mr. Jean-Pierre Wallot
National Archivist of Canada

DOMAIN OF ADMINISTRATIVE POLICIES & COMMON SERVICES

POLICY AREAS	SUBSIDIARY ELEMENTS
Access to Information & Privacy	Access to Information and Privacy
Common Services	
Communications	
Contracting	
Employee Services	Travel Hospitality
Extramural Performance of Science & Technology	
Financial Management	
Information Holdings	
Information Technology	
Internal Audit	
Materiel Management	Materiel Management Motor Vehicles Furniture & Furnishings
Procurement Review	
Project Management	Major Crown Projects
Program Evaluation	
Real Property	Assignment of Administration Investment Planning Disposal Land Conveyance Safe & Adequate Facilities Accessibility For Disabled Built Heritage Environmental Protection Provincial/Municipal Interface

Risk Management	Risk Management & Underwriting Compensation & Restoration Ex Gratia
Security	

COMMON SERVICES PROVIDED BY CSO'S

The tables on the following pages set out the types of common services provided by the CSO's listed in Annex 2. It is important to add that these services, whether mandatory or optional are generally accompanied by extensive guidelines, reporting and monitoring systems which impact on departmental resources.

SERVICE	CURRENT STATUS	PROPOSED STATUS
Advertising (1)	M	M
Architectural or engineering (A&E) service for real property	M	O
Art rentals	M	O
Assets management of movables	O	O
Audio-visuals production service (3)	M	O
Auditing (4)	O	O
Other communications services (5)	O	O
Compensation management (6)	M	M
Construction contracting associated with PWC's A&E services	M	O
Other construction contracting related to contracting services (tendering and award only)	O	O
Custody of securities	M	M
Disposal (surplus goods)	M	O
Disposal (surplus real property)	M	M
Property management (PWC provides service to custodians)	O	O
Expositions (7)	M	O

Financial, administrative, and other services	O	O
Information technology standards	M	M
Interpretation of spoken languages (see also - Translation)	M	O
Legal services to departments	M	M
Maintenance and repair of office equipment	O	O
Management consulting (4)	O	O
Management training	O	O
Media monitoring	O	O
Personnel management information systems	RFR	O
Printing (7)	M	O
Procurement:		
a. goods (8)	M	M
b. special services (8)	M	M
Public opinion research	O	O
Public relations contracts	O	O
Publishing (7)	M	O
Other real property services	O	O
Receiver General: derivative services	O	O
Signage	M	O
Staff training and development (9)	RFR	O
Statistical services to departments (10)	RFR	O

Telecommunications (11)		
- within Canada and USA	O	O
- international	O	O
Temporary Assignment Pool (TAP) (12)	O	O
Tenant Services (PWC provides service for tenants in PWC)	M	O
Traffic management (13)	M	O
Translation of written languages (see also - Interpretation)	M	O
Travel	-	O
Warehousing	RFR	O

Notes:

(1) Departments' paid announcements, such as public notices regarding tenders, sales, public hearings, offers of employment, business hours and addresses, may be placed dealing directly with the media provided an advertising agency is not used.

(2) Mandatory with special optional arrangements, including direct contracting by departments with contractors, under special circumstances.

(3) While some departments maintain in-house audio-visual services, private sector audio-visual services are available through SSC. The government intends to make the services available through SSC optional as of April 1, 1992, under a special operating agency.

(4) The government intends to consolidate and to convert the Audit Services Bureau and the Bureau of Management Consulting into a special operating agency.

(5) Other communications services include: strategic planning inputs, environmental assessment, writing, editing, multi-media project management, evaluation, graphic design, and creative services.

(6) This refers to the function of administering employee compensation.

(7) The government intends to have this service provided by a special operating agency.

(8) Includes:

- science and engineering acquisitions
- commercial acquisitions
- stocked item supply
- research and development and other scientific activities related to procurement
- executive vehicles acquisition
- non-competitive contracts over $2,000 for former public servants receiving a pension
- other services such as temporary help and commissionaire services

(9) The government intends to have this service provided by a special operating agency.

(10) "Statistical services" means the development of statistical information through surveys or use of administrative data, including:

- design, organization, statistical evaluation, interpretation and analysis, but not review;

- development of statistical standards, classifications, registers, and sampling frames; and

- dissemination of large statistical data bases for general access in electronic modes.

"Statistical services" do not apply to the mandatory review of departmental information collection proposals, which is the responsibility of Statistics Canada.

(11) In this policy, "telecommunications" refers to transmissions used for communication by electrical, electronic or electromagnetic means, including voice (e.g. telephone, radio), messages (e.g. telegraph, teleprinter, electronic message or mail systems, fund transfer), images (e.g. facsimile, video), computer data, computer conferencing, networks supporting integrated office systems (e.g. local area networks or LANs), and other types of data (e.g. telemetry). The role of GTA is being reexamined at this time in relation to a possible architect function for telecommunications in government.

GTA obtains telecommunication services on request within Canada and the United States. The government intends to convert the Government Telecommunications Agency into a special operating agency.

EAC provides international telecommunication facilities on behalf of the Government of Canada.

(12) The government intends to suspend this program as of December 31, 1990.

(13) Includes:

- Central Freight Service
- Central Removal Service
- Central Insurance Service
- Government Travel Service
- Overseas Traffic Service
- Fleet Management Information Service

Note: The Fleet Management Information Service will become optional as of April 1, 1991.

FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON RESOURCE MANAGEMENT AND BUDGET CONTROLS

August 7, 1990

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Executive Summary

This Report presents the results of the Resource Management Task Force deliberations undertaken as part of the broader Public Service 2000 Initiative to prepare the Public Service to better meet the challenges of the years ahead.

The Task Force has undertaken a detailed review, not only of specific budget controls being applied within our existing system, but of the broader aspects of resource management including assets, financial resources and people. In completing its review, the Task Force consulted extensively with a broad spectrum of Public Service employees to ensure that any recommendations would have a meaningful and positive impact on the efficient and effective delivery of programs.

The Task Force developed a philosophy of resource management along with a set of operating principles to serve as a lens through which all resource management issues were viewed.

A responsible resource management system that meets the needs of Ministers and Government must

- foster effective management;
- require managers to be accountable for results; and
- be based on the notion of trust and confidence in non-partisan, objective and professional Public Service managers and employees;

while respecting the supremacy of Parliament for approving spending.

Consistent with this philosophy, a sound resource management system should do four things:

- promote quality service and effective delivery of programs based on clear objectives and goals;
- promote efficient management by allowing as much flexibility in managing resources as possible;
- promote maximum delegation of decision-making authority to the lowest reasonable levels, with clear lines of managerial accountability; and

- restrict central regulation to those instances when it is essential to serve the broader corporate interest.

The Task Force recommendations and many others emerging within Public Service 2000 would give managers more authority and flexibility to make decisions. But with this freedom goes a need to hold managers accountable for the results they achieve. The Task Force enunciates three principles for effective accountability systems:

- Accountability must focus on results. It must be comprehensive and emphasize **personal** accountability.
- The proper selection of results is critical to the successful operation of any accountability system.
- Lines of accountability must be as clear as possible.

Departments are encouraged to build accountability systems with these characteristics into their planning, budgeting, performance appraisal, and management information systems. For many departments, it will be a matter of adjusting processes already in place.

Based on this philosophy and these principles, the Task Force makes the following recommendations:

1) Treasury Board should promulgate the Government's philosophy of management.

This recommendation would incorporate the principles and objectives contained in the Resource Management Framework outlined in this Report.

2) The Government should eliminate person-year (PY) controls and adopt single "Operating Budgets" starting in the 1992-93 fiscal year, to foster a more productive use of resources and to focus on the real cost of delivering Government programs.

This recommendation is based on the belief that giving Public Service employees the flexibility to choose the best mix of resources to deliver programs can improve efficiency, effectiveness and service. The current system of PY controls does not allow that flexibility, because one component, labour, is artificially constrained in order to limit the number of employees with little attention paid to the costs associated with those employees.

3) Treasury Board should provide more flexibility to departments and their managers by approving automatic carry-forward, to the next fiscal year, of up to two per cent of the "Operating Budget" set out in the Main Estimates.

This recommendation reflects the Task Force's view that the rigidity of the lapsing requirements in the current system causes distortions in resource management. This has been recognized by Treasury Board, and action has already been taken to allow for carry-forward of lapsing appropriations. This recommendation would add further flexibility to those provisions, since they have proven to be of limited benefit.

4) The purpose orientation of spending should be maintained, and the thresholds raised to $250 million for the establishment of separate Capital Votes and $100 million for separate Transfer-payment Votes within a given program.

This would maintain the purpose orientation of parliamentary appropriations, but would provide departments with increased flexibility to deploy broad categories of resources to meet program needs. The increase in the threshold would give Parliament separate vote control over capital and transfer payments, when such payments are significant enough to have a specific purpose themselves.

5) Treasury Board should review the question of annuality of the budget cycle, in consultation with Parliament and the Auditor General, and should look at specific options for multi-year budgeting proposed by the Task Force.

The Task Force believes that multi-year appropriations offer potential for improved resource management consistent with the philosophy and principles established earlier. However, changes to the current system could have significant impact on Parliament's control of spending. Accordingly, we believe that any proposals for change should be developed in consultation with Parliament and the Auditor General.

6) Treasury Board should encourage the development of an asset management policy that includes the sharing of resources as described in this Report. In addition, the incentives announced by the Treasury Board President on December 15, 1989, should apply automatically.

The Task Force believes that the resource management system should provide incentives to promote good management. We acknowledge the initiatives recently announced by the Treasury Board President, and suggest that their application be made automatic.

7) All Government departments and agencies, if they have not done so, should implement an integrated accountability regime focused on personal accountability for the achievement of results, as described in this Report.

Introduction

The goal of Public Service 2000 in the broadest sense is to change management processes and practices in the Public Service, with a view to helping build the kind of Public Service that Canada needs to meet the challenges of the years ahead.

More specifically, the objectives of the initiative are to foster and encourage a Public Service that

- is professional, highly qualified, non-partisan, and imbued with a mission of service to the public;
- recognizes its employees as assets to be valued and developed;
- places as much authority as possible in the hands of front-line employees and managers; and
- provides scope for different organizational forms to meet differing needs, but in the context of a single Public Service.

These objectives guided the work of the Task Force on Resource Management and Budget Controls.

A Framework for Resource Management

The Task Force was originally asked to look at "Budget Controls". However, members of the Task Force considered this request too restrictive. Accordingly, we decided to broaden the examination to include all aspects of resource management. Only in this way, members believe, could the objectives of Public Service 2000 be addressed.

The Task Force began by defining the philosophy and principles that should guide the consideration of resource management issues. These would provide a framework for evaluating our existing resource management system, and a basis for testing our recommendations for improving that system.

We are convinced that the philosophy and principles articulated below can help build a better resource management system in the years to come.

A responsible resource management system that meets the needs of Ministers and Government must

- **foster effective management;**
- **require managers to be accountable for results; and**
- **be based on the notion of trust and confidence in non-partisan, objective and professional Public Service managers and employees;**

while respecting the supremacy of Parliament for approving spending.

Consistent with this philosophy, a sound resource management system should do four things:

- **promote quality service and effective delivery of programs based on clear objectives and goals;**
- **promote efficient management by allowing as much flexibility in managing resources as possible;**
- **promote maximum delegation of decision-making authority to the lowest reasonable levels, with clear lines of managerial accountability; and**
- **restrict central regulation only in those instances when it is essential to serve the broader corporate interest.**

By applying these principles, we can set the stage for a major cultural transformation based on new values and attitudes. However, this transformation will have to be accompanied by a sound plan for education and information directed at many different audiences including Parliament, the Government, the public, and certainly our employees and their unions. This is even more important in the context of meeting not just our legislative and program service requirements, but also those overarching responsibilities that are also a fundamental aspect of Public Service, including the need to ensure employment equity, to provide due process, and to respect the Official Languages Act, access and privacy laws, and the Charter of Rights and Freedoms.

Accordingly, the Task Force recommends that the Treasury Board promulgate the Government's philosophy of management which would incorporate the principles and objectives contained in the Resource Management Framework outlined in this Report.

The Consultation Process

Consulting with Public Service employees and managers and with union representatives was an important element of the Task Force's activities.

Consultation with the Unions

The Task Force contacted the heads of all 15 Public Service unions in early March. We explained our objectives and outlined the issues we were examining. The Task Force offered to meet with union representatives to hear their opinions on all issues related to resource management. Five unions responded, and three met with Task Force representatives.

Although the discussions were preliminary, they allowed us to exchange much useful information. The union representatives received detailed documentation that described the key items the Task Force was considering, and they agreed to review the documentation and give us their comments and feedback. To date, union representatives have raised no major concerns about the issues the Task Force is reviewing.

Consultation with Employees and Managers

When it comes to identifying problems and testing solutions for improvement, Public Service managers and employees are our greatest asset . Accordingly, the Task Force set up 11 focus groups covering every region of the country. More than 200 people participated in these groups, and their input was invaluable.

The groups allowed a free exchange of various views on the merits of individual proposals, their potential effects and impediments to their implementation.

The focus groups were genuinely interested in the PS2000 Initiative. Everyone clearly wanted to participate, and the exchanges were open, honest and constructive.

Conclusions and comments from the focus groups are reflected in later sections of this Report. However, some of the more general points participants raised are presented below:

- A fundamental objective of the PS2000 Initiative should be to align more closely the levels of authority and accountability of individual employees.

- The resource management and financial systems should support the needs of managers and employees. Many managers now consider that these systems control them.

- Streamlining the resource management system is not enough. Personnel and administrative systems must also be improved.

- Some of the existing restrictions and constraints to effective management are self-imposed within departments.

Historical Perspective

The recommendations of this Task Force build on a process that began almost 30 years ago with the Glassco Commission. The Glassco report and subsequent reviews and initiatives are all part of a trend towards delegating increasing authority and responsibility to managers while strengthening accountability. (Annex A briefly summarizes this evolution in resource management and the major reviews that influenced it.)

Significant progress has clearly been made in delegating authority and responsibility for resource management. One objective of the PS2000 Program, however, is to determine whether more progress is possible -- not only in improving resource management, but also in dealing with other issues that affect Public Service employees, and ultimately, service to the public.

Environmental Considerations

Many variables affect the question of resource management. Public sector resource management must fully acknowledge the need to provide adequate information for Parliament to enable it to maintain reasonable control over spending. At the same time, it must acknowledge the public's demand for services while encouraging continued improvements in efficiency and effectiveness in the delivery of those services, so as to minimize the burden on taxpayers.

Another variable affecting resource management is that Canadian society and the demands it makes on the federal government are changing. Our resource management system must, therefore, be flexible enough to accommodate such change within the framework described earlier, and it cannot limit the Government's ability to respond to these changing demands.

An example of our changing needs and the Government's ability to respond to them is the increasing globalization of issues. While the Government structure was developed in the 1950s and 1960s to address specific sectoral problems (e.g., agriculture, energy, etc.), the issues being faced by governments today are becoming more and more horizontal in nature, crossing not only sectoral and departmental boundaries, but also provincial and international ones.

Accountability: A Cornerstone of Managing Resources Effectively

A key aspect of the resource management philosophy which the Task Force advocates is that managers must have both authority and accountability for using resources to achieve results. We believe that accountability is fundamental to effective, responsible resource management in the public sector.

This issue of accountability is not new. It was advocated by Glassco in 1962, by Lambert in 1979, and by a number of Auditors General in subsequent years. In addition, it has been central to particular Government initiatives such as the current Increased Ministerial Authority and Accountability (IMAA) initiative introduced by the present government.

Given the continuing concern with the issue, as part of our review of resource management, the Task Force carried out a detailed assessment of the requirements for appropriate accountability in government. In doing so, we have examined various aspects of accountability in the Public Service. We have considered previous reviews on the subject and examined elements of the current accountability system that most departments are using. The Task Force leader also wrote to all Deputy Ministers to ask them for their personal views on the issue, and provided them with an outline of some of the main requirements for fostering accountability as envisaged at that time.

> Taking all that information into consideration and, after engaging in much discussion and debate, the Task Force agrees that a suitable accountability system should be based on the following principles and characteristics:
>
> - **Accountability must focus on results rather than processes wherever possible. It must be comprehensive and emphasize personal accountability.**

- **The proper selection of results is critical to the successful operation of a system of accountability. Accordingly,**

  - — results should be challenging, agreed to by both parties, explicit and quantifiable whenever possible;
  - — results statements should focus on a few key, expected results;
  - — results specified should generally be controllable by those being held accountable;
  - — results to be achieved should be clear, differentiating between the essential and the desirable; and
  - — results to be achieved should relate to an agreed-upon resourcing level.

- **Lines of accountability must be as clear as possible.**

  Within departments, an individual is usually accountable directly to one person at the next highest level in the organization, and so on, up to the Deputy Minister level. The Deputy is generally accountable directly to the Minister (and the Minister to Parliament) for achieving program results. However, at the same time, the Deputy is accountable directly to others (e.g., Treasury Board, the Public Service Commission and Parliament itself via general legislation) for fulfilling responsibilities assigned by those bodies or individuals, including adhering to and delivering broad corporate or government objectives. In addition, central agencies must often rely on departmental input to fulfil their direct responsibilities (e.g., Treasury Board's responsibility for resource allocation). In those cases, the Deputy is accountable to the Minister and, in turn, the Minister is accountable to the central agency for the integrity, quality and timeliness of the information from his or her department.

Although Ministers are accountable to Parliament, they cannot be expected to know about or be held responsible for everything that individuals in their organizations do, especially if these people act contrary to established procedures or policies. In such cases, while the Minister may be expected to account for the broader policies, the responsible individual must be held accountable for his or her actions.

Improved Accountability: Prerequisites are Already in Place

Existing processes and structures should permit departments and agencies to fulfil the requirements for integrated accountability. For example, the current planning and budget processes can continue to form the basis of organizational accountability. Organizational accountability can then be brought to the personal level through the existing appraisal process and individual job descriptions. Finally, the existing information network should be able to provide the information necessary for decision-making and for monitoring progress in achieving results.

Comments from Deputy Ministers indicated that a number of organizations have already developed accountability regimes that incorporate the principles noted above. We also found that different departments have developed their own approaches to maintaining accountability to suit various operational needs. All departments should be encouraged to learn from and build on the success of others.

> **Accordingly, the Task Force recommends that all Government departments and agencies, if they have not done so, implement an integrated accountability regime focused on personal accountability for the achievement of results, as described earlier.**

It is also important not only that departments have accountability systems, but that Parliament and the public have continued assurance that these systems are in place and working. Deputy Ministers should provide that assurance.

Annex B describes our recommended accountability regime in more detail.

Critical Features of the Current System

Annex C outlines some critical features of the existing resource management system that will affect any reform effort. Annex C covers the key issues of the Government's relationship with Parliament, the responsibilities of the Executive (Treasury Board), and the actions of departments themselves.

The recommendations that follow have taken full account of the features of the current system and the principles on which it is based.

Misconceptions and Myths

Our current resource management practices do not necessarily conform to a philosophy and set of principles of the kind we have set out. In fact, the current system is characterized by

- a failure to consistently delegate authority to a low enough level while requiring a commensurate degree of accountability, and
- artificial constraints to productive management.

The Task Force believes that some of these rigidities or constraints are rooted in misconceptions or myths about what constitutes good resource management, notably the "person-year" myth, the "lapse" myth, and the "error-free environment" myth.

The "Person-year" Myth

- Person-years are a good measure of the size of the Public Service.
- Person-years are a good indicator of the cost of running the Public Service.
- Removing person-year controls resolves all problems.
- Person-year controls are the solution to containing the growth of the Public Service.

Our focus group discussions and the views of Task Force members confirmed that the concept of the person-year (the equivalent of 12 months of employment for an individual) does not really provide a sound basis for measuring the size of the Public Service. More importantly, person-years offer only an incomplete measure of the cost of delivering programs and, in many cases, provide a misleading picture of these costs.

The "Lapse" Myth

- Lapses of appropriations will automatically result in a reduction to the program budget.
- Lapses of appropriations are indicators of poor management.
- Good fiscal policy means banking on year-end lapses.

Our focus group discussions confirmed that lapses in budgets occur for a variety of reasons, many of which are beyond the scope of management decision-making. However, it was clear that managers try to avoid lapses, if at all possible. Sometimes their efforts result in expenditures that they may have been able to target more effectively if year-end pressures had not been present.

The "Error-free Environment" Myth

- Risk-free management is good management.
- Innovation can occur without risks.

Our focus groups, like so many others in the Public Service 2000 review, emphasized that good management means intelligent risk-taking, which demands more tolerance of errors.

Improved Resource Management

The Task Force has carefully considered a number of elements of the current resource management system that could be improved, or which pose constraints to effective resource management.

In all instances, we have assessed the existing system and options for change in light of the resource management philosophy and principles that we articulated earlier in this Report. We have also assumed, in formulating our recommendations, that a comprehensive system of accountability is or will be in place and **functioning in all departments**.

The Task Force also recognizes that the Government will likely continue to face expenditure restraint, and that the need will continue for the Public Service to deliver its programs more efficiently and effectively. Accordingly, we made the following assumptions on which we have based our work and developed our recommendations:

1) Parliament's supremacy in approving spending and controlling the public purse must be respected. Parliamentary appropriations will continue to relate to purpose-oriented programs.

2) Our proposals should result in wiser, not more, spending. They should **not add to the deficit over the long term**. Instead, these proposals should increase the productivity and efficiency of Government operations.

3) Fiscal accountability must be maintained. Therefore, departments must continue to measure and monitor their use of resources and the results they achieve with those resources.

4) The general approach to resource management must continue to be responsive to Government-wide priorities, departmental mandates, public expectations, and the need to provide quality services to individual Canadians.

From these assumptions flow the comments, observations and recommendations in the following sections.

Basic Budget Controls: Person-years, Operating and Minor Capital Expenditures

Issue

As noted in Annex C, Treasury Board controls person-years and budgets. The Task Force has identified three basic problems with the current person-year control system:

1) Person-years are an artificial control focusing on the size of the Public Service rather than the cost of delivering Government programs.

This focus hinders managers from using the best mix of resources (labour, operating, capital) to get the job done, and can lead to uneconomical practices. For example, departments sometimes cannot meet the demand for fully cost-recovered programs because of the lack of person-years, even though these activities pose no incremental cost to the taxpayer.

Similarly, programs which generate revenues and which could help to reduce the deficit are being constrained by lack of person-years. We believe that, because of the limits on person-years, some services are being contracted-out at costs that exceed those of providing the service in-house with Government employees.

Our focus group discussions have confirmed these views. Clearly then, the constraint on person-years prevents managers from optimizing the mix of resources to deliver their programs most effectively.

2) Person-year controls relieve managers of responsibility for the salary components of their budgets (often the largest portion of the budget).

More specifically, managers focus on "headcount" (i.e., numbers) rather than personnel costs. For example, they are not concerned with personnel costs because an $80,000-a-year employee and a $30,000-a-year employee each consume just **one person-year**. Further, given the lack of concern with personnel costs, managers focus only on the operating and capital costs of delivering their programs, making true accountability difficult to achieve.

3) Person-years do not accurately measure the "size" of the Public Service.

Person-year information or forecasts do not include employees of Crown corporations (even if they depend on public funding), the military, certain parliamentary agencies, Parliament itself, the RCMP, and other small components of the public sector.

Because these organizations are not included, the person-year figures are less reflective of the size of the public sector than the general public might think.

Discussion

For these reasons, person-year controls are not the best tool for managing resources. A system that exerts control on the basis of the cost of delivering services (rather than on a headcount), and which requires managers to recognize the cost of labour and to be accountable for those costs within their control, would be more appropriate. A system that does these things would encourage more efficient management decisions.

The Task Force considered various control options. These included continuing with existing person-year controls, instituting separate wage budgets for each program, and establishing a single operating budget for resources required to deliver programs. We even considered removing all such controls.

The "Operating Budget" Approach

The idea of controlling costs through a single "Operating Budget" for each program was the only option that the Task Force felt offered the right balance of increased flexibility, while maintaining an appropriate level of control over various categories of expenditure.

England and Australia have already adopted this approach. They call it a "Running Costs" system, whereby a single operating budget for departments encompasses the personnel, operating and minor capital and equipment budgets for a given program. Eliminating the controls on "headcount" and the barriers between the components has led to more efficiency, and has enabled managers to focus more on the cost of delivering programs. For greater understanding, we have chosen to call it the "Operating Budget".

Under an Operating Budget approach, person-year controls would be eliminated. Each departmental program would get a separate budget called the Operating Budget, which would include salaries, operating expenditures and minor capital costs. Departments would have full flexibility to move funds amongst these various components to achieve the most effective and efficient use of resources in delivering their programs. In doing so, however, departmental managers would have to consider and weigh the short-term and longer-term financial implications of all of their decisions, including personnel-related costs over which managers have control such as re-classification and overtime. Figure 1 on page 19 depicts the existing control system and a system envisaged for an Operating Budget regime. The system calls for one budget only, and a nominal split between salaries and other operating expenditures. Funds can be transferred from one component to the other but are based on a rate called the "transfer price". A transfer price is necessary because not all components of the salary budget are in a department's appropriations (e.g., employee benefit costs) and because the use of salary funds results in direct costs to and expenditures by certain central agencies such as Public Works' costs for accommodation. The transfer price will probably be set at about 30 per cent; that is, a $1 transfer from "Salaries" to "Operating" would result in a credit of $1.30 to that component. Conversely, an increase of $1 to the salary component would require a reduction of $1.30 to operating expenditures.

Each of our focus groups discussed this idea fully. Managers and employees strongly supported the Operating Budget concept. They felt that it offered a significant opportunity for improving the delivery of programs for which resources are limited. They also recognized that moving toward such a system would not make more resources available, and that any gains in productivity would depend a great deal on the quality of their management information systems.

The Operating Budget concept is a very straightforward idea. However, implementing it will be technically challenging. Each department will have to negotiate an agreement with the Treasury Board Secretariat on an individual basis. Agreements will have to define the level of resources available and the split between the salary component and other expenditures. They will also have to deal with the effects of inflation, the base workload upon which the funding level is to apply, and so on.

FIGURE 1

Current Resource Controls	Proposed Operating Budget
1. Elements	**1. Elements**
Separate treatment of • person-years • operating costs • program capital costs over $5 million	Single budget for • salaries • operating costs • minor capital costs Nominal split between salaries and other components (Separate treatment of major capital costs)
2. Treasury Board funds all salary costs including salaries, performance pay, bilingual bonus, vacation pay, severance pay, maternity leave, shift differentials, and other allowances.	2. Departments continue to be "insured" against personnel costs beyond their control (e.g., negotiated pay changes and benefits established by Treasury Board).
3. Departments are not free to transfer between salaries and other components.	3. Transfers would be allowed between salaries and other components based on established "transfer price".

Conclusions and Recommendations

The Task Force believes that the Operating Budget system would be a more effective approach to resource management in the federal Public Service than would the existing system of person-year controls.

> **Accordingly, we recommend that the Government should eliminate person-year controls and adopt single "Operating Budgets" starting in the 1992-93 fiscal year, to foster a more productive use of resources and to focus on the real cost of delivering Government programs.**

In implementing the system, Treasury Board should negotiate the technical details on timing and the application of the Operating Budget system with departments.

As part of the transition to the new system, a number of issues would have to be addressed carefully. For example, the public will continue to be interested in the size of the Public Service. Therefore, the Government must find a way to report usefully on this subject. In addition, during the transition phase, there may well be an adjustment period during which departments will review the economic implications of their actions in the past because of the artificial constraints of person-years. If reviews of this nature lead to decisions to transfer operating dollars into salary dollars, there would be an increase in the size of the Public Service. Special steps may be needed to ensure an orderly and well-managed approach to controlling any significant growth, if it should occur, in the public sector.

The Problem with Lapsing: Its Impact on Resource Management

Issue

Many managers believe that budgets must be spent entirely before the end of a fiscal year. Otherwise, if funds remain unspent, they think that programs will be perceived as either not needing the funds in the first place (providing a rationale for budget cuts), or as being poorly managed. In some cases, unavoidable delays are experienced in projects during the course of a fiscal year (e.g., planned work is delayed so that it will extend over two fiscal years when it was intended to be completed.) This will free up funds in one year, but create budget pressures in the second.

In an effort to balance available resources with the workload experienced in these situations, managers sometimes buy goods and services that they would ordinarily acquire in the subsequent fiscal year. Accordingly, spending decisions can, in some instances, be driven by the existence of potentially lapsing cash balances rather than how to make the best use of funds.

Ultimately, the rigidities of the existing resource management system may hinder managers from spending carefully and delivering their programs as efficiently as they might.

> Treasury Board has recognized this problem and has acted constructively to provide flexibility in the transfer of unused funds from one fiscal year to the next through
>
> - approval of a capital carry-over provision that allows departments to roll up to five per cent of their capital funds (to a maximum of $75 million) into the next fiscal year, provided they ask permission to do so by December 15 of any year; and
> - approval of a three per cent carry-forward for non-salary O&M on a case-by-case basis, provided requests are made by February 1.

While these actions represent a significant step, the need for managers to submit requests to take advantage of these two provisions well ahead of year-end (by December 15 and February 1 respectively) limits the benefits for individual managers. In the focus groups, managers argued that true flexibility would result only when rollover provisions could be based on year-end, or very close to year-end, data. The nine months of data available in January to meet the February 1 deadline are often not sufficient to support the decisions that have to be made.

Discussion

Once again, the Task Force considered various options. These ranged from maintaining the status quo to providing non-lapsing appropriations. We recognized, however, that any option would have to maintain the delicate balance between managerial flexibility and the Government's control of annual spending, on the one hand, and Parliament's unquestioned right to control spending on the other. Under the circumstances then, extending the existing administrative mechanism to provide for carrying forward a portion of lapsing funds seemed most appropriate. This concept, combined with the Operating Budget system described earlier, would allow managers the flexibility to adjust not only the mix of inputs but, to some extent, the timing of expenditures to achieve the most efficient and effective use of available resources.

Conclusions and Recommendations

We have concluded that the automatic carry-forward option has a number of benefits. For example, it would remove many of the distortions resulting from the lapsing of funds at year-end. Public Service employees would be better able to match their workload with their budgets, and avoid the practice of purchasing goods and services in advance of need. For its part, Parliament would maintain full control, as Supplementary Estimates would be used to obtain approval for funds carried into the next fiscal year. Departments would also continue to provide detailed financial information to Parliament through the Public Accounts.

Accordingly, the Task Force recommends that Treasury Board provide the necessary flexibility to departments and their managers by approving automatic carry-forward to the next fiscal year of up to two per cent of the "Operating Budget" set out in the Main Estimates.

Treasury Board has ensured that its existing carry-forward provisions can be accommodated within the fiscal framework. It will also want to ensure that measures are taken so that this proposal for automatic carry-forward can be accommodated as well.

Resource Management and Parliament's Needs

Issue: The Vote Structure

Separate controls over capital expenditures and transfer payments (grants and contributions) prevent departments from delivering programs as efficiently as they might. During the year, departments have limited flexibility to reallocate funds between Votes in response to changing needs. This problem persists even when funds provided by Parliament are for the same program or general purpose. We believe that a single Vote for each program would offer the greatest potential for giving Ministers and their departments the flexibility they need to determine the most effective and productive strategies for delivering their programs. Such flexibility would translate into more productivity and better service to the public.

Options/Discussions

In recent years, the level and quality of information provided to Parliament have improved greatly with the introduction of Part III of the Estimates. Because

Parliament now has better information about how departments are spending, it may no longer have to maintain separate controls on capital and transfer payments throughout the course of a fiscal year. This could substantially reduce the number of Supplementary Estimates items, especially those which are likely of marginal importance to parliamentarians.

The Task Force has considered the possibility that providing only one Vote per program would still permit Parliament to approve spending for given purposes, while giving managers more flexibility to use funds for those purposes. In 1979, the Public Accounts Committee recommended the adoption of one Vote for each program. This has not been acted upon.

In some cases, one Vote per program would include very large expenditures on capital or transfer payments themselves. For those programs, Parliament may want to maintain separate control over the expenditures.

Therefore, the alternative is to increase the "threshold" for separate Votes to in effect implement the one Vote per program concept, except in cases of very significant capital or transfer-payment expenditures.

We reviewed the current distribution of **Capital and Transfer-payment Votes** (see Figure 2 and Figure 3 on the following pages). We found that 80 per cent of the Votes are under $250 million each, and that this 80 per cent of the volume represents less than 20 per cent of the value of the expenditures in each area.

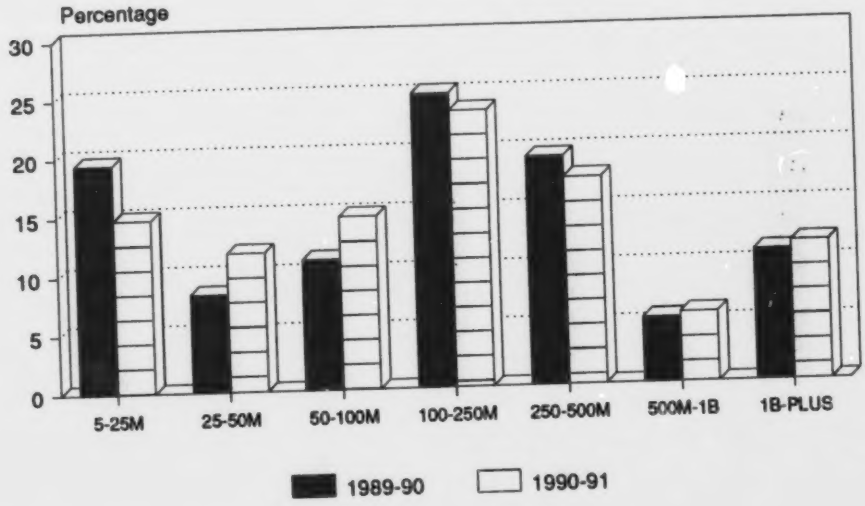
Increasing the threshold from $5 million to $250 million would remove 80 per cent of these Votes from separate control. However, Parliament could still maintain specific controls over 80 per cent of the expenditures.

Thresholds could be modified slightly in light of Parliament's traditional and continuing interest in **transfer payments.** For these payments, a threshold of $100 million would release 40 per cent of the existing Votes from separate control. The 60 per cent of Votes that would remain controlled would still constitute 90 per cent of the value of the expenditures.

> **The Task Force recommends that the purpose orientation of spending be maintained, and that the thresholds be raised to $250 million for the establishment of separate Capital Votes, and $100 million for separate Transfer-payment Votes within any given program.**

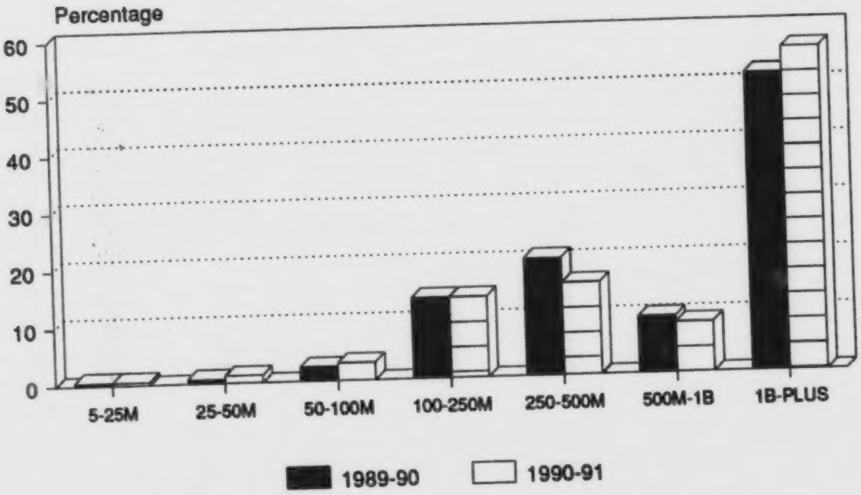
FIGURE 2: GRANTS & CONTRIBUTIONS

Distribution of G&C Votes by Size



This chart displays the number of Votes in each interval compared to the total number of G&C Votes (36).

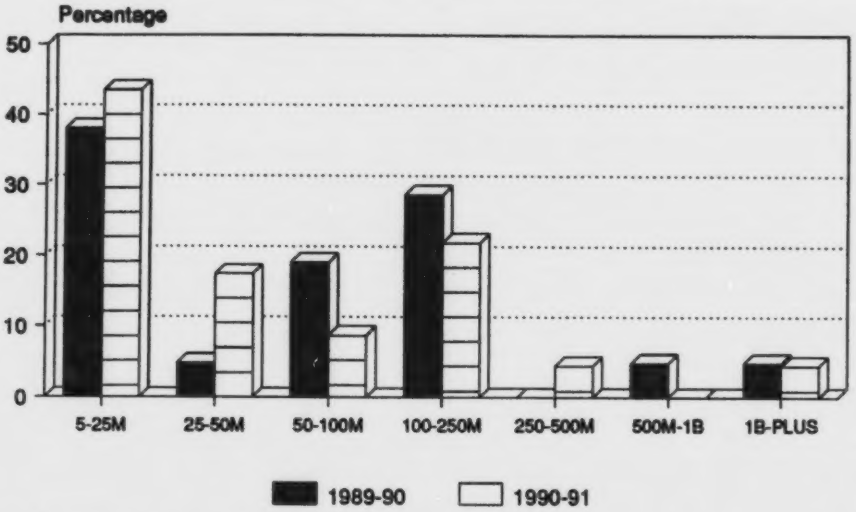
Value Distribution of G&C Votes by Size



This chart displays the total voted dollars in each interval compared to the total G&C dollars ($12.6 billion).

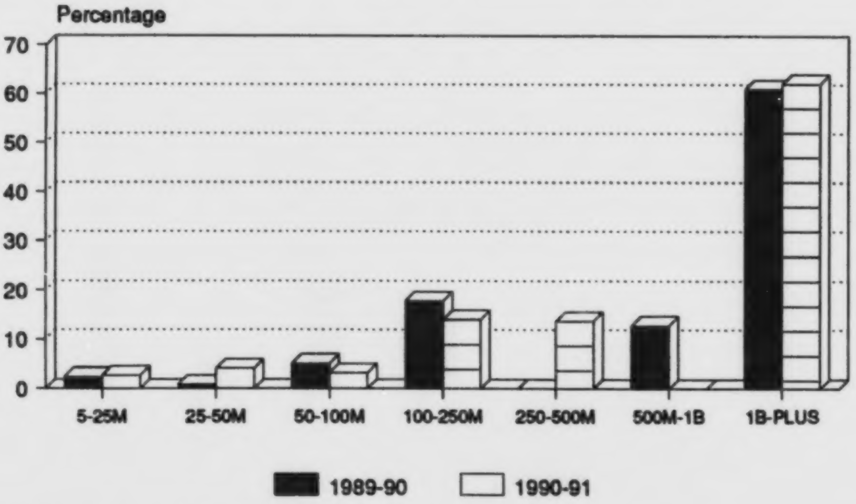
FIGURE 3: CAPITAL VOTES

Distribution of Capital Votes by Size



This chart displays the number of votes in each interval compared to the total number of capital votes (23).

Value Distrib. of Capital Votes by Size



This chart displays the total voted dollars in each interval compared to the total voted capital dollars ($4.5 billion).

Issue: The Annual Expenditure Budget Exercise

A fixed annual budget cycle hinders managers from making the "best" program decisions, because it imposes constraints on the efficient use of resources. The annual cycle may be an unnecessary impediment in modern government operations.

Many employees have responsibilities for managing major long-term initiatives, be they capital projects, ongoing contribution programs, or other projects of extended duration. Because they are long-term, these initiatives are often subject to many external influences that affect the timing of their delivery or completion.

Focus group members noted that the annual budget exercise is extremely time-consuming. It involves detailed reporting in background documentation and in Part III of the Estimates, even for stable programs with little or no change in funding levels, and little deviation from the previous plans. Parliament, in turn, is bombarded with all the documentation on an annual basis. Therefore, it has little opportunity to review spending plans in specific programs more selectively in order to satisfy its own priorities.

Conclusions and Recommendations

The Task Force discussed a number of alternatives to the current annual budgeting cycle, including the following:

- Annual appropriations could be maintained, but with changes in reporting to Parliament. Departments could, for example, provide detailed information through Part IIIs, perhaps only every three years. On an annual basis, they would provide only brief updates or reports on major deviations from plans.

- Departments could request annual appropriations but with parliamentary authority to spend over a longer period of time, perhaps two years. This practice would alleviate some of the pressure, but maintain the annual appropriation process.

- Departments could seek multi-year (perhaps three-year) appropriations. Parliament would provide funding for longer periods of time and reduce the frequency of the budget process for departments.

The Task Force recognized that any option considered must respect the legitimate need for Parliament to authorize spending and to do so on the basis of current, factual and meaningful information. Clearly, a need exists to provide annual information to Parliament. Some of the options we considered did offer the potential for annual parliamentary review, with much more detailed review and accounting on a cyclical basis. Such options seem to have the potential to streamline the system, while allowing for proper parliamentary control and information.

The Task Force is not able to recommend an alternative to the current annual budgeting system at this time. Such a recommendation should be made only after all interested parties, including Parliament and the Auditor General, have been fully consulted.

Nevertheless, we do recommend that Treasury Board should review the question of annuality of the budget cycle, in consultation with Parliament and the Auditor General, with a view towards addressing the problems noted.

The Lack of Incentives for Better Resource Management

Background/Issues

So far, the issues discussed in this Report have been related to perceived constraints to efficient, effective resource management. But another issue deserves to be explored. Some employees have suggested to the Task Force that there are actually **disincentives**, or at least a lack of incentives for better resource management in the current system. Frequently cited examples include the "scooping" by central organizations (central agencies or headquarters) of savings achieved through higher productivity. Other employees noted that departments are expected to increase their revenues, but are not credited with any of the revenues they raise, even if there is an increased administrative cost associated with doing so.

Recommendations

The Task Force considered the "incentives" issue. It was agreed that, in general, incentives to manage resources efficiently and effectively should be built into the system.

Accordingly, we conclude and recommend the following:

- **Responsibility centres that realize savings as a result of productivity improvements should normally be allowed to keep them.**

- **For joint initiatives where, for example, one organizational unit has provided initial funding that allows another to improve or increase its productivity, the savings should be equitably shared. Sharing would not only provide an incentive for productivity improvement, but would promote the practice of collaborative management.**

- **If a department carries out activities to recover costs or generate revenues, it should keep those revenues, or as a minimum, a share of those revenues.**

- **In the interest of optimizing the use of Government resources, particularly equipment and facilities, departments should be encouraged to share these assets. However, resulting productivity gains should benefit the department.**

The Task Force acknowledged the December 15 announcement by the President of the Treasury Board, which noted the implementation on a case-by-case basis of some of the proposals in our first two recommendations above. The announcement also noted that an asset management policy is currently being developed.

The Task Force recommends the following:

- **Treasury Board should encourage the development of an asset management policy that includes sharing of resources as described in our last recommendation.**

- **The incentives announced by the Treasury Board President should apply automatically to all departments and agencies. Applying incentives universally would eliminate the need to consider each case individually.**

ANNEX A

Historical Perspective

ANNEX A

Federal Public Service Resource Management

Historical Perspective

General

The current resource management system in the federal government has evolved over the years in response to a number of influences. Clearly, two prime influences affecting that evolution were the changing needs of Parliament in relation to the maintenance of parliamentary control of public expenditures, and the needs of Public Service managers to allow them to deliver the increasingly complex range of federal government programs.

Significant initiatives to bring about necessary change have resulted from major reviews undertaken on behalf of the Government either by specific Commissions established for that purpose, or as part of ongoing Government activity (e.g., by the Auditor General). A number of reviews have been completed in the last 30 years, sometimes with contradictory results. However, all have had significant impact on the current resource management regime, as noted in the sections that follow.

While these major reviews have been important influences on our general approach to resource management, many elements of our current system were developed in direct response to particular criticisms noted in the press, in the Auditor General's annual reports, in the House of Commons and elsewhere. When particular abuses or errors were identified, no matter how infrequent or unique the situation, often the tendency was to develop a control procedure, applicable within a given organization or across Government, to ensure that the situation would not develop again. In many cases, the cure has been worse (and more costly) than the disease. For example, detection of some abuses in the use of taxis led to the implementation of an extremely cumbersome control system.

Glassco

Before Glassco's 1960 review, the basic approach to administration and resource management had remained unchanged for a considerable period of time. Resource management was guided by the Consolidated Revenue and Audit Act of 1931, and later by the Financial Administration Act of 1951. The federal government's resource management system during that period relied heavily on centralized control of Government expenditures by the Department of Finance with subsequent audit by the Office of the Auditor General. This regime, combined with centralized control of the personnel management system by the (then) Civil Service Commission, meant that departments and Public Service managers had only limited discretion in the resource management decisions affecting their operations.

Growth in both the size and complexity of Government operations over that period, however, resulted in concern over the Government's ability to exercise direction and control. This concern led to the establishment, in 1960, of the Royal Commission on Government Organization (Glassco Commission) to review management systems in the Public Service.

The Commission's recommendations were based on a philosophy that supported increased authority for Deputy Ministers and Public Service managers, and a reduction in central controls over both financial and personnel management. At the same time, the Commission recommended that departments be held accountable for the effective management of financial resources entrusted to them.

In addition to the recommendations on increased delegation and accountability, the Commission recommended the separation of Treasury Board from the Department of Finance. Treasury Board would become responsible for establishing, in a less restrictive manner, broad policies and standards for financial planning and for the control of expenditures.

The Commission noted that: "Departments should, within clearly-defined terms of reference, be fully accountable for the organization and execution of their programmes, and enjoy powers commensurate with their accountability. They must be subject to controls designed to protect those general interests of government which transcend departmental interests. But every department should be free of external controls which have no such broad purpose."

The Commission also made a series of recommendations relating to accountability to Parliament, which essentially suggested the development of a purpose orientation for appropriations and Estimates.

By and large, the Government accepted the Glassco Commission's recommendations, including the "let the managers manage" philosophy, and embarked on a period of implementation. Central agencies began to focus more on long-term issues than individual transactions, strict central controls were removed, and departments were given more authority to manage resources.

In 1970, the format of the Estimates was changed to reflect a "purpose" orientation for each program, resulting in a reduction in the number of parliamentary-controlled votes from some 500 in 1963-64, to just slightly over 200 in 1970-71. This reduction continued the trend of providing departments and managers with increased resource flexibility.

The Auditor General's 1976 Report

While the Glassco recommendations for increased authority were being implemented, the associated requirement for managerial accountability noted by Glassco did not receive the same level of attention, in part because no means of exacting such accountability had been developed. In his 1976 Report, the Auditor General was forced to conclude that "...Parliament -- and indeed the Government -- has lost, or is close to losing, effective control of the public purse." He further noted that "Control over public funds would appear to have been deteriorating for at least the last 15 years." As a result, the Auditor General recommended establishing the Office of the Comptroller General, and strengthening the role of the Senior Financial Officer within departments.

One of the main Government reactions to the report was to establish the Lambert Commission to review financial control in the federal government. On a more informal basis, however, the report was followed by not only an increasing reluctance on the part of central agencies to delegate authorities to departments, but a growing tendency to impose central controls in an attempt to avoid such criticism in the future.

The Lambert Commission

The Lambert Commission was established to review financial management in the Public Service primarily as a result of the observations of the Auditor General in his 1976 report.

The Lambert Commission undertook a detailed review and, in 1979, submitted a report recommending sweeping changes to the Government's management system. The major thrust of the Lambert recommendations is somewhat familiar: there should be increased delegation of authority to Public Service managers. The report noted: "A fundamental requirement is that the constituent components of Government be granted all the powers essential to manage their affairs in such a way as to undertake the responsibilities assigned to them as economically and as effectively as possible."

The Lambert Commission also focused its attention on the associated question of accountability: "Substantial delegation of authority demands a comparable degree of accountability for the use of that authority. Delegation of authority without accountability is an abdication of responsibility on the part of those conferring it, whether Government or Parliament." As part of its package, the Commission recommended the transformation of Treasury Board into a Board of Management with specific responsibility for exacting accountability from departments.

For whatever reason, the Lambert Report did not result in the sweeping changes contemplated by its authors. What it did do, however, was reinforce the belief of public servants and the public that delegation of authority to lower levels in the Public Service could lead to better management of Government programs.

A number of recommendations of the Lambert Commission were adopted; the Government had, for example, already agreed to establish the Office of the Comptroller General before the Lambert recommendations. The Lambert recommendations, however, lost momentum as the Government introduced the Policy and Expenditure Management System (PEMS).

The Auditor General's 1983 Report

As noted previously, the 1976 Report of the Auditor General led to a tightening of central controls in the federal government. His 1983 report, however, suggested that a move in the other direction would be appropriate.

> In a chapter devoted to constraints to productive management in the federal Public Service, he identified three major constraints:
>
> - the impact of political priorities on the achievement of productive management,
> - the many administrative and procedural constraints with which management is burdened, and
> - the few incentives but many disincentives which influence productive management.

While some of the specific constraints identified can be attributed to the nature of Government, the Auditor General did stress the importance of removing excessive controls on managerial authority and establishing an appropriate mechanism for holding managers accountable: "We are not advocating a return to an unlimited 'let the managers manage' philosophy or an indiscriminate reduction of regulations and controls. In the absence of incentives that exist in the private sector, central controls will continue to be necessary in the Public Service to achieve a satisfactory level of prudence, probity, and equity. The challenge is to achieve a balance between the requirement for central control and the need for an adequate level of managerial authority, so that managers can be responsible and accountable."

Again, this report was not immediately followed by massive changes in the management system. However, it was effective in making the point about the need to eliminate unnecessary controls and increase delegation to managers to enable them to deliver their programs as effectively and efficiently as possible. It certainly was a key factor leading to the introduction of the initiative for Increased Ministerial Authority and Accountability a few years later.

Increased Ministerial Authority and Accountability (IMAA)

IMAA was introduced by Treasury Board in 1986 to give Ministers and senior managers the increased authority and flexibility they need to deal with changing circumstances and to manage effectively, while enhancing the accountability of Ministers and senior managers for achieving results. Under the program, Treasury Board reviewed a series of policies and control systems with a view to eliminating those that were no longer appropriate. Significant streamlining resulted from this review, with a reduction in administrative burden on all departments.

In addition, the Secretariat began negotiating with individual departments in an attempt to provide further delegation as appropriate, while ensuring adequate accountability to Ministers and Parliament. Under this process, once an agreement had been reached with the department on appropriate levels of delegation and an accountability process, the two organizations would enter into a Memorandum of Understanding (MOU) regarding the approach to be followed during the period of the agreement.

Although the IMAA process was limited by the fact that it was introduced and administered within the existing control framework, it has resulted in a significant reduction in the administrative burden on departments, both through general delegations and through individual MOUs. To date, six MOUs have been signed. The process is continuing, with another seven MOUs currently under discussion.

The Auditor General's 1987 Report

In 1987, the Auditor General again reviewed the state of financial management in the federal government. He discovered that significant improvements had been made in the system of financial controls, but cautioned that there was a need for significant progress in the development of financial management, based on a linkage of objectives, results and resources. Again he made the point that managers should be responsible for financial management and held accountable for the achievement of results:

> **"Several of the departments we examined have made considerable progress in the past two years. But there is a need for continued, strong senior management commitment and direction to ensure that managers at all levels are aware of their financial responsibilities, are given the tools to carry them out, and are held accountable for the results produced."**

Conclusion

The evolution of the current resource management system in the Public Service has been influenced not only by the changing needs of Parliament and Public Service managers themselves, but also by a series of external reviews carried out over the years. Although one of those reviews did lead to more central controls, the major finding has been that the current range of Government programs and initiatives can be most effectively managed and delivered if unnecessary central control is eliminated, and managers are provided an adequate level of authority. It has also been consistently noted that such a system can function effectively only if there is a reasonable system through which managers can be held accountable for their decisions and for the exercise of their authority.

That is precisely the thrust of the current PS2000 Initiative. One of its key objectives is to reduce central administrative controls to give Deputy Ministers and managers greater freedom to manage, with clearer accountability for and proper focus on results. This initiative addresses not only resource management, the focus of this Report, but the broader range of management issues being faced by the Public Service now and in the future.

ANNEX B

Accountability

ANNEX B

Accountability

Introduction

The Resource Management Task Force articulated a philosophy intended to guide resource management in the federal Public Service as follows:

> **Responsible resource management which meets the needs of Ministers and Government must**
>
> - **foster effective management;**
> - **require accountability of managers for results; and**
> - **be based on the notion of trust and confidence in non-partisan, objective and professional Public Service managers and employees;**
>
> **while respecting the supremacy of Parliament for approving spending.**

This annex focuses on the second element of the philosophy, the requirement for managers to be accountable for results. It will attempt to define the requirements of an adequate accountability system, with particular emphasis on the results-based focus.

Historical Perspective

The concept of a Public Service operating with extensive delegation of authority and a clear system of accountability is by no means new.

The concept was advocated by the Glassco Commission in 1962:

> "Above all, departments should, within clearly-defined terms of reference, be fully accountable for the organization and execution of their programmes, and enjoy powers commensurate with their accountability. They must be subject to controls designed to protect those general interests of Government which transcend departmental interests. But every department should be free of external controls which have broad purpose."

The Lambert Report of 1979 had this to say about accountability:

> **"Having determined its priorities, established a fiscal plan, and allocated resources for carrying out the policies and programs formulated to give effect to its priorities, the Ministry must assign to departments and agencies, responsibility for implementing its plans. While it may establish certain guidelines and controls, and reserve certain rights as to direction, it should be up to the individual departments and agencies to manage their affairs in a way that will best achieve the objectives assigned to them with the resources available. What is crucial to this system of management is that the centre should hold the constituent parts to account fully for the manner in which they have discharged the responsibilities assigned to them. Parliament, in turn, should hold the Government equally accountable for the management of the nation's affairs."**

This same theme has been repeated a number of times since and has, in fact, formed the basis of specific Government initiatives. The most recent example is the IMAA Initiative undertaken by the current government.

There is no suggestion then, that this is a new idea. It should also be acknowledged that much of the current system has been developed based on this concept.

Since Glassco, there has been significant progress at improving both the level of delegation and the system of accountability in Government. It is appropriate, however, in the context of the Public Service 2000 Initiative, to review not only the levels of delegation, but the system of accountability, not to reinvent the wheel, but to refine the system's application to current needs.

Characteristics of an Accountability System

It is neither possible nor desirable to develop in detail a system of accountability which can be applied universally throughout the federal Public Service. However, we can both identify some general conditions necessary for such a system to be successful, and describe some of its basic characteristics.

Any system of accountability must be directly linked not only to the level of authority but also to the style and mandate of the organization's management. Therefore, as the Government moves to a management framework that both allows managers more freedom to make decisions according to program requirements, and focuses on the achievement of desired results, so too must the associated accountability regime focus on results.

Such a results-based accountability system must focus on **key** results, and all parties must understand it. In short, to be effective, **it must be kept simple**. Moreover, to ensure that lines of accountability are clear, it must link organizational and **personal** accountability and clearly identify the accountability of each manager.

A system of accountability that fulfils these conditions and has the characteristics we have identified above could serve the needs of individual departments and agencies, and Government as a whole.

Specification of Results

The most critical task in successfully implementing any results-based accountability system is the selection and identification of a meaningful set of results.

The following criteria should be used in the selection of results, to ensure that they are meaningful and suitable for use in a system of accountability:

- Results should be challenging, agreed to by both parties and explicit, but not necessarily quantifiable. (**Ongoing requirements such as those specified in job descriptions should implicitly form the base**, with short-term, specific, challenging results being clearly articulated.)

- The statement of results should focus on a few key results expected from an individual or organization. In this manner, the results statement can be kept simple and meaningful.

- Results should be clear and differentiate between the essential and the desirable. (The primary focus should be on program results, not process or central policy requirements.)

- Results specified should be controllable. (Managers should be held accountable only for those items they can control.)

- Results forecasts should be related to an agreed resourcing level. (Since achievement of specific results depends on resourcing, resource levels should be specified at the outset. Subsequent assessment of the achievement of results should also be related to the level of resource utilization.)

Challenges

While the criteria established for the selection of results seems to be straightforward, situations arise in which various criteria or other external requirements could create tensions in the selection of results. These result, in part, from the complexities associated with managing in the public sector, and are really no different than a host of other ambiguities or tensions which Public Service managers deal with on a daily basis. It is important, however, that we recognize and manage these tensions as we select our desired results.

The most obvious situations where such tensions could develop relate to the following criteria:

a) Results should be agreed to by both parties and should be challenging.

In selecting results for which someone is willing to be held accountable, the natural tendency would be for that person to underestimate and choose results that are easily achievable. This practice would ensure that the individual is recognized for achieving the stated objectives. However, it would conflict with the notion of choosing challenging results. This must be kept in mind as managers and their subordinates **negotiate** the results expected.

b) Results should be controllable, yet we are likely to operate more and more through "partnership" arrangements with others.

As we move into partnership arrangements with third parties in which responsibility for the delivery of goods and services is shared, we must also share control over the programs. The concept of selecting results that are controllable seems inconsistent with such arrangements.

In these situations, we appear to have two choices. First, we can identify the anticipated results from the joint effort, recognizing both the shared nature of the endeavour, and the fact that there is more "influence" than control. Alternatively, we can define the results in terms of the federal contribution to the project. If we do, the results definition may reflect inputs (or results of individual efforts) more than it reflects project results. However, again, if we recognize this fact at the outset, and involved parties agree to it, accountability can be attained. Moreover, in such situations, it is important at the outset to recognize the co-operative nature of the endeavour, and to reflect this requirement.

c) Accountability must be based on results, not process or inputs.

As we saw in the previous example, if someone is not in a position of control, it may be necessary to define the results more in terms of inputs than outputs. It may also be necessary to recognize that there may be a hierarchy of appropriate results depending on the nature and degree of control exercised. As federal involvement varies from situations in which it has full direct control to those in which it exercises influence or persuasion, the nature of the result specified may vary.

It is also argued that certain functions in government exist for which it is difficult if not impossible to identify results with any precision. Policy development organizations are often cited as examples. It is recognized that there may be such organizations, but they are likely to represent a small portion of the Public Service (less than 20 per cent) and an even smaller portion of resources. It may well be necessary in these limited situations to focus more on inputs than results in establishing the accountability framework.

In establishing the results that are to form the basis of any accountability system, it is extremely important to recognize the limitations of the criteria established, and ensure that any deviations from them are consciously selected. The key is that all parties must recognize their responsibilities and the anticipated results and agree on them at the outset.

Elements for an Integrated Accountability System

While the proposals listed above would result in a change in the focus of the current accountability regime, it would not necessarily have to be revamped. Rather, it is expected that the requirements for an integrated accountability system can be fully met by existing processes (i.e., planning and budgeting, employee appraisal and information systems). The current planning and budget processes will continue to form the basis of organizational accountability, which would then be brought to the personal level through the appraisal process, and be based on individual job descriptions. An information network is the final key element of a sound accountability system. Such a network would provide the information necessary for decision-making, and would allow for monitoring of progress in achieving results.

a) The Planning and Budgeting Process

The departmental planning and budgeting process is critical to any system of broad-based accountability. The planning and budgeting process is the process through which goals and objectives are established at an organizational level to form the basis of some subsequent assessment of achievement.

Through planning and budgeting based on long-term strategic objectives, short-term goals are established for a department or agency and for all organizational units within it. Through such planning, individual responsibility centre budgets are established for a given period, and the direct link between the resource levels to be provided and the results to be achieved is established.

b) Appraisal Process and Job Description

Under the proposed accountability regime, individuals would be held personally accountable for achieving results with a specified level of resources. While current planning processes are generally used to identify results and resources at an organizational level, the establishment of objectives as part of the appraisal process personalizes these plans. In effect then, the departmental plans establish the framework for accountability at the organizational level, and the appraisal system provides a means for both establishing targets or objectives at the personal level, and holding individuals accountable for achieving them.

While the appraisal process can be used quite effectively to focus on the personal achievement of results, the process has additional objectives such as the determination of training needs, career and succession planning, and other goals. The accountability aspect then is but one component of a broad appraisal process, and must be viewed accordingly. It is, however, a key aspect of the process.

The statement of results articulated through the appraisal process builds on but does not normally repeat all of the objectives outlined in an individual's job description.

A job description establishes the basis of an employment "contract". It describes in some detail the responsibilities an employee assumes in accepting a position and, at least in general terms, the results that the employee is expected to produce. As an employment contract, the job description also establishes the baseline for the accountability regime and specifies the general "performance criteria" (i.e., what the employee is expected to do in his or her job) against which an individual will be assessed. It would not be necessary in establishing specific objectives for a given period to repeat the job description. Rather, the results specification should focus on the key objectives for the planning period and perhaps add specificity to the job description objectives in certain areas.

The links between job descriptions and the accountability regime are strong. One process builds upon the other. This "building" assumes consistency between the statement of duties as outlined in the job description, and the objectives established for a given period. If, for whatever reasons, the statement of duties and the job description conflict, the individual could end up with conflicting objectives and ultimately not be held to account for either. It is important then to ensure consistency in this area.

c) Information

A critical element of any comprehensive system of accountability is a meaningful information base that supports both decision-making and accountability processes.

Such an information system must meet a number of needs:

- It must provide information to assist in decision-making at the planning stage both at the organizational level and, ultimately, for individuals.

- It must also provide a means of monitoring progress throughout the implementation period, to allow for operational adjustments as necessary.

- Finally, it must provide an analysis of the achievement of results (and resource utilization) to allow for a final assessment of progress and provide input to the next iteration of the planning process.

Although such information is clearly important to the successful implementation of any program, it becomes even more important as a monitoring tool as authorities are delegated and less central control is imposed.

It follows that the roles of central organizations, which have traditionally exercised central controls, must evolve toward carrying out monitoring functions as authority is further delegated. This shift will require a significant change in attitude in, and approach by, such organizations. Successful implementation of the new regime will require a fairly intensive educational process.

It is important to ensure that appropriate information systems are in place to meet the needs of managers both in initial planning, and also in monitoring the achievement of results. It is equally important that roles and responsibilities for both control and monitoring be clearly identified and understood by all parties.

Existing Systems

While the accountability system described earlier may sound revolutionary, it simply represents the integration of various processes currently in place in all Government departments. A number of organizations operate with just such integrated systems, and use them as basic tools for management and accountability.

Lines of Accountability

The accountability system described above establishes a chain of accountability within a department. An individual at any level in the organization is accountable directly to his or her immediate supervisor for the achievement of certain agreed results. That person is, in turn, accountable to the next level in the organization, and so on, right up to the level of Deputy Minister. Accordingly, the lines of accountability are quite clear, and each individual is directly accountable to someone for all results. These results include direct program and broader "corporate" results. (Broader "corporate" requirements, such as employment targets, sometimes make the achievement of program results more difficult in the public sector.)

Unfortunately, the lines of accountability for Deputy Ministers are not always so clear. While each person within a department is ultimately accountable to the Deputy Minister, the Deputy is accountable to a number of individuals or organizations for the wide range of both program and corporate results for which he or she is responsible. What is the basis for these lines of accountability?

The Deputy is accountable for achieving results, and is accountable to the individual or organization to whom Parliament has assigned responsibility for those results. In practice, this means that the Deputy is usually accountable to his or her Minister for achieving program results. Deputies can also be held accountable to central agencies for achieving or contributing to broader corporate results **for which those agencies are responsible to Parliament.** For example, Deputies are accountable to Treasury Board for many aspects of human resource management. This accountability relationship exists because Parliament has assigned that responsibility to Treasury Board under the Financial Administration Act (FAA), and in turn, Treasury Board has assigned that responsibility to Deputies.

In other cases, Deputies have specific corporate responsibilities assigned directly by Parliament through legislation. An example of this is the requirement under Section 32(2) of the FAA for control of commitments.

Program results are often specific achievements, while the corporate objectives often relate to the **manner in which program objectives are achieved.** In these cases, we could describe a Deputy Minister as being accountable to the Minister for **what results are achieved,** and to central agencies for **how the results are achieved.**

There are, however, other dimensions of accountability for results. Parliament assigns particular tasks to certain central agencies. To carry out these tasks, the central agencies need departmental input or information. In these cases, the Deputy is accountable to the Minister who, in turn, is accountable to the appropriate central agency for the integrity of the information provided. One example of this situation is the Treasury Board's role in resource allocation. Departments provide Treasury Board with information on their programs, results, effectiveness, and so on, which Treasury Board needs to determine spending priorities and establish the Estimates for the Government. In this and other similar cases, while Ministers' primary accountability is not to Treasury Board for achievement of specific results, they must be accountable for the quality of the information they give to Treasury Board on those results.

In summary, the proposed system should result in direct accountability from the individual on the front lines through each level in the organization to the Deputy Minister. Depending on the nature of the results and the source of delegation of authority, the Deputy is then accountable to the Minister or to a central agency. In addition to this direct accountability based on results, the Deputy is also accountable, through the Minister, for the integrity of information provided by his or her department to assist central agencies in fulfilling their broader corporate mandates.

Conclusion

The resource management system must ensure that managers are held personally accountable for the results they are expected to achieve. An accountability system, as described above, will serve just such a purpose, and must be implemented throughout Government.

Two points are worth noting about the Government's accountability mechanisms:

a) There are examples of such accountability systems within Government now. We must ensure that they be continued and expanded to cover all departments and agencies.

b) It is important not only to have functioning accountability systems, but also that Parliament and the public have continued assurance that they exist and are functioning. Accordingly, Deputy Ministers should provide that assurance.

ANNEX C

Critical Features of the Current System

Critical Features of the Current System

The use of resources by the Public Service is controlled at three different levels: Parliament, the Executive (Treasury Board), and the Minister and the department itself.

Parliamentary Controls

A fundamental tenet of our parliamentary democracy is that the authority of Parliament is required before any expenditures can be made.

The federal government plans and records its revenues and expenditures on the basis of a fiscal year which covers the period April 1 through March 31. The Government advises Parliament of its spending plans through the "Main Estimates" well in advance of the beginning of the fiscal year.

For the 1990-91 fiscal year, the Government's planned expenditures total almost $148 billion, as follows:*

Main Estimates	$ Billion
Statutory	103.3
Voted	44.3
Total Main Estimates	**147.6**
Other planned spending	
Planned Statutory Reductions announced in the Budget	(1.0)
Reserves	2.4
Allowance for Lapse	(1.2)
Total Budgetary Expenditures	**$ 147.8**

*1990-91 Part 1 of Estimates

By far the largest component is statutory expenditures for which ongoing parliamentary authority has already been granted through specific Acts of Parliament. It includes items such as family allowance payments, old age security payments, public debt charges and payments to the provinces for health care and post-secondary education. While financial controls and probity on these expenditures are very important, they are not normally affected by the resource management issues being addressed by the Task Force.

The voted component refers more generally to expenditures incurred in the day-to-day operation of government including operating expenditures, capital, salaries, and transfer payments for which ongoing parliamentary expenditure authority has not been granted. For these items, Parliament will grant authority in legislation referred to as an Appropriation Act to spend **up to** a certain amount of money during the course of a fiscal year. This spending authority expires at the end of the fiscal year and funds authorized but not spent in the period are said to "lapse" as the spending authority expires.

Total voted expenditures include major capital expenditures, some large transfer payments (such as official development assistance) and payments to dependent Crown corporations such as the CBC.

The Government accesses the "reserves" identified by tabling Supplementary Spending Estimates in Parliament throughout the fiscal year; the required spending authority is then obtained from Parliament through related Appropriation Acts.

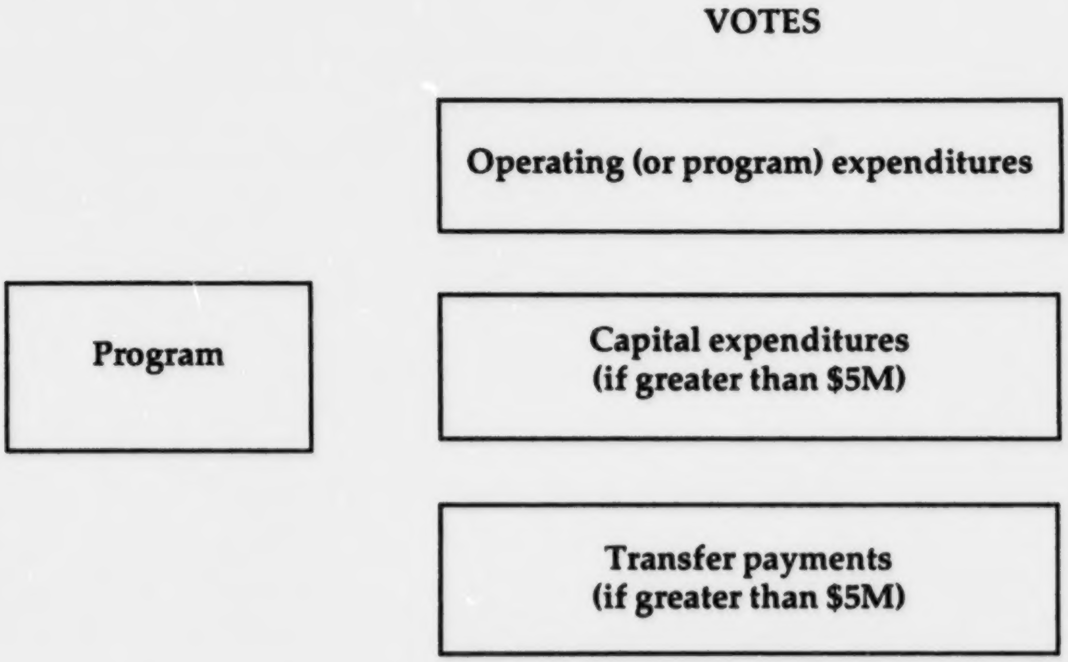
As noted earlier, the Task Force's review of resource management applies primarily to the **voted** component of the expenditure plans and the manner in which departments exercise these spending authorities.

Budgets for individual departments are divided into Programs (combinations of activities undertaken in pursuit of a common objective.) While a department is often responsible for just one program -- e.g., Transport Canada (Department) and Revenue Canada, Taxation (Taxation Program) -- some departments are responsible for two or more -- e.g., Agriculture (Management and Administration; Agri-Food, and Grains and Oilseeds Program) and External Affairs (Canadian Interests abroad and World Exhibitions Programs).

Programs form the basic building blocks for presenting the Government's expenditure plans to Parliament. Programs have a strong purpose orientation, usually rooted in specific legislation. This point is an important one from a resource management perspective. It means that Parliament votes funds **for specific purposes** rather than **to specific organizations.** This purpose orientation sets the framework for a chain of results-based accountability that begins with Parliament and works its way through the entire Public Service.

Program funding technically includes both Statutory and Voted expenditures. However, as noted, we will focus only on the Voted expenditures within Programs. Parliament votes funds for particular purposes as described in the Program structure. However, in addition to the general purpose orientation of the Votes, Parliament exercises a further level of control over programs and all expenditures over $5 million for capital or transfer payments.

The diagram below depicts the manner in which Parliament votes funds for a program:


VOTES
Operating (or program) expenditures
Program
Capital expenditures (if greater than $5M)
Transfer payments (if greater than $5M)

The amount of money in these Votes cannot be adjusted without the specific authority of Parliament. In effect, Parliament establishes "fences" around funds that are to be spent for these specific purposes. These Votes, or fences, constitute a limit on the resource management flexibility available to the Government and its departments. The limits established have not been increased since 1970-71, even though Part III of the Estimates now provides much more detailed information to Parliament on capital and transfer payments.

Treasury Board Controls

It is not just the relationship with Parliament that affects resource management. The executive itself (through Treasury Board) exercises control over resources using its specific powers in the Financial Administration Act (i.e., Section 31, Allotments) as well as its more general resource management authority. (The Financial Administration Act gives Treasury Board the authority to act for the Queen's Privy Council on all matters relating to financial management.)

Treasury Board controls are applied within the Vote structure approved by Parliament (i.e., they represent a further level of parliamentary controls). Within a Vote, Treasury Board establishes a separate allotment (or "fence") for the salary component of the budget. Treasury Board can also establish a separate allotment for any other portion of a Vote and specify more precisely the purposes for which expenditures on this portion can be made. Allotments cannot be adjusted without the authority of Treasury Board. Accordingly, allotments limit the flexibility available to departments on how they use resources.

However, Treasury Board does much more than fence off the salary-related portion of a Vote. It also superimposes an additional restriction on the number of persons that can be employed -- it controls "person-years".

Under the person-year control system, Treasury Board authorizes departments to utilize a certain number of person-years (defined as the employment of one individual for 12 months or the equivalent thereof) in a given fiscal year. Departments are given salary budgets associated with the person-year authorities granted, and are protected by Treasury Board for shortfalls in their salary budget, provided that they stay within the person-year authority limit. Even in some cases where the shortfall is attributable to factors within the department's control (e.g., reclassifications, reorganizations, or service improvements), this protection is continued.

The person-year authorities granted by Treasury Board are identified, for information purposes, in the Main Estimates tabled in Parliament. Treasury Board can authorize adjustments to this level throughout the fiscal year. Parliament is advised of these adjustments in Supplementary Estimates only if a department is asking for more salary funds from Parliament. (If the funds can be found elsewhere in the same Vote -- for example, from other operating costs -- they can be moved to the salary component with Treasury Board authority only, and departments need not inform Parliament.)

Over the years, the Main Estimates person-year levels have been used as the basis for measuring changes in the size of the Public Service. Government-wide targets are frequently set based on this measure (e.g., two per cent reduction, one per cent growth, etc.).

Ministers and Departments

Authority to spend parliamentary appropriations is vested in Ministers, who are accountable to Parliament. Ministers delegate this authority to departmental managers who are, in turn, accountable to the Minister or to a senior official.

The Minister places controls on the use of resources within the department. By and large, such controls are intended to ensure the best corporate use of the limited resources available. The systems used for this kind of control can sometimes impose even more severe and restrictive constraints on the effective delivery of programs than the centrally imposed mechanisms, which apply Government-wide. "Central regulation" (including controls imposed centrally within departments) should be restricted to those instances where it is essential to serve the broader corporate interest. It is important that departments review existing systems to ensure that such broader interests are being served if central controls are in place.

Report of the Task Force on Staff Relations

For Discussion

Public Service 2000

August 6, 1990

Report of the Task Force on Staff Relations

Introduction

1. In mid-December 1989, The Prime Minister launched "Public Service 2000" to renew the Canadian Public Service. The Task Force on Staff Relations was one of the nine established at that time. This report describes the objectives, methods, conclusions and recommendations of the Task Force on Staff Relations.

2. In annex, readers will find

· Annex A	Task Force Members
· Annex B	Scope of the work, described in a "Statement of Issues" which was widely circulated by the Task Force
· Annex C	A list of contributors who were invited to write or meet with The Task Force

Summary of recommendations

3. Major recommendations of the Task Force are summarized below. Each is given fuller explanation in the main body of the report beginning with the paragraph indicated in parentheses.

a) Bargaining Unit Organization (Paragraph 24):

(i) The Task Force reaffirms the right of employees to organize in their own best interests following any significant changes in Occupational Categories and classification structure as a result of PS2000.
(ii) There should be a transition period followed by Public Service Staff Relations Board (PSSRB) certification of bargaining agents.

b) Right to Strike (Paragraph 27):

(i) The Task Force reaffirms the basic right to strike but recommends measures to protect the public in the case of public services seen as essential.
(ii) The Task Force proposes that criteria be developed defining essential services and that a body be established to administer these criteria and to determine the numbers of employees designated to perform essential duties.
(iii) Designations should be determined between bargaining rounds and should be applied to positions, not persons, remaining in force until functions change.

c) Dispute Resolution (Paragraph 31)

(i) The Task Force concludes that the overriding objective of dispute resolution processes should be to help the parties to settle disputes themselves.
(ii) Bargaining agents should select binding arbitration or conciliation/strike at the outset of negotiations, but the parties and the PSSRB should be given flexibility to employ a wider variety of techniques at appropriate times to facilitate the negotiating process.
(iii) The scope of arbitration should be equal to the scope of bargaining.
(iv) Particular arbitrators or Boards of Arbitration should be imposed by the PSSRB only when the parties cannot agree themselves on the person or persons.
(v) The PSSRB should be empowered to:

(a) Provide mediation, conciliation, or fact finding services upon request or to impose these when negotiations break down.
(b) Supply arbitration services only when satisfied that other methods will not help and negotiations are at an impasse.
(c) Supply arbitration services, including final offer selection, upon request from both parties on the conciliation/strike route, and when other methods do not seem likely to lead to agreement.

d) Penalties for Illegal Strikes (Paragraph 42):

Penalties should be raised to the levels contained in the Canada Labour Code.

e) Strike Votes (Paragraph 44):

There should not be a mandatory, secret ballot process. However, the PSSRB should investigate and rule on employee complaints of unfair process.

f) Duty of Fair Representation (Paragraph 45):

The Public Service Staff Relations Act (PSSRA) should impose a duty of fair representation on the unions similar to that in the Canada Labour Code.

g) Grievance and Adjudication (Paragraph 46):

(i) Subject to the results of a review of experience in other Public Service jurisdictions, the application of the employer's classification plan should be grievable and adjudicable. If major changes to the present occupational group and classification structure occur, this recommendation should be implemented following an appropriate vestibule period.
(ii) There should be consolidation of redress provisions. In particular, release for incompetence and incapacity and demotion should be grievable and adjudicable just as is discharge for disciplinary reasons.
(iii) National Joint Council (NJC) approved policies should be grievable only through the ordinary grievance process culminating in adjudication by the PSSRB.

(iv) Mediation services requested by the parties jointly should be provided by the PSSRB prior to adjudication.

h) Mass Grievances (Paragraph 52):

The PSSRB should be empowered to hear one grievance (or a representative number) at the request of either party instead of a large number of similar grievances.
The decision taken would apply to all.

i) Review of Adjudication Decisions (Paragraph 54):

The PSSRB should be empowered to review adjudication decisions for consistency and equity across issues.

j) Exclusions (Paragraph 56):

(i) Positions, not individuals, should be excluded.
(ii) The main basis of exclusion should be the performance of significant management duties.
(iii) The number of "confidential" exclusions is excessive and should be substantially reduced. The Task Force recommends the reconsideration of "confidential" exclusions beyond those for positions involved in the operations of staff relations.
(iv)Exclusions should be deemed to be in effect when proposed until the PSSRB renders a contrary decision.

k) National Joint Council (NJC) (Paragraph 58):

The Task Force endorses and wishes to enhance the important policy consultation role of NJC but recommends that grievances of NJC policies follow the departmental/PSSRB route.

l) Notice to Bargain (Paragraph 62):

The notice to bargain period should be extended to 90 days from 60.

m)Departmental role in Collective Bargaining (Paragraph 63):

(i) The Departmental role in bargaining should be enhanced especially in the development of the employer's mandate and in trade-off decision-making.
(ii) The government should give careful consideration to two-tier bargaining.
(iii)Departments should handle most grievance adjudication cases except those with public service wide effects.

n) Public Service Staff Relations Board (PSSRB) (Paragraph 66):

Bargaining agents should be consulted on the nomination of the Chairperson, Vice-Chairperson and Deputy Chairpersons of the PSSRB.

o) Training of Managers (Paragraph 69):

(i)Managers should receive effective, formal training in Staff Relations.
(ii)The employer should make available to managers full interpretations of new collective agreements, together with any necessary training.

p) Consultation (Paragraph 70):

Departmental and service wide consultation should be improved by enlarging the scope of consultation and ensuring that it occurs early in the policy development process. Senior management should demonstrate a willingness to consult.

Objectives and philosophy

4. The Task Force was guided by the objectives and spirit of Public Service 2000, and in particular the Public Service 2000 principle that relations with staff should be founded on a visible concern for their welfare and interests.

5. The Task Force believes that the objective of a Staff Relations regime for the public sector, or the private sector for that matter, cannot be to provide a framework for a test of wills and economic strength between labour and management. Rather, the objective should be to establish a process for determining the rules and conditions of service which assumes fairness and equity to employees, as represented by their bargaining units, and to the Canadian public, whose employees we all are, as represented by the government.

6. Accordingly, the spirit which informs a public service staff relations regime should not be confrontation in a zero-sum game with a winner and loser, but a search for the optimum balance of benefits to ensure that both elements of the partnership, employees and the public, derive the maximum benefit from it.

7. At the outset, the Task Force made a conscious decision to avoid minutiae and to provide its views on measures of broad significance to the collective bargaining system. Our recommendations therefore invite further study and attention to operational detail by experts before adoption would be possible. Further, this Report precedes the final conclusions of a number of other Task Forces which might have a significant impact on particular aspects of our work. For example, bargaining unit structures and other union concerns will be influenced by the work of the Task Forces on Occupational and Classification Structure, on Workforce Adaptation, and on Compensation and Benefits.

8. Having heard the interested parties, The Task Force concluded that the best results will usually be obtained by a minimum of prescriptions and imposed solutions, and by a flexible, multi-faceted array of negotiating tools to help the parties to help themselves. This principle is reflected in a number of our recommendations.

9. The Task Force also recognized that there are important differences between collective bargaining in the private sector and in the Public Service. In the latter, unions are less constrained by concerns about the employers' ability to pay and the potential impact of over-generous settlements on the future health of the enterprise. The adverse effects of strikes and lockouts are felt not so much by the employer as by the public. On the other hand, the relationship is fundamentally unequal because the employer is also the government: it therefore is able to prescribe the rules for collective bargaining and, in the event of a strike, has the option of presenting to Parliament the terms of a legislated settlement.

10. All that having been said, the Task Force came to the view that the present regime exaggerates the differences between collective bargaining in the private and public sectors, and that a thinning out of various prescriptions and supposed safeguards, far from placing the public's interests in jeopardy, would very likely make the overall system work better than it presently does.

Overview of the state of staff relations today

11. No one who appeared before us suggested that collective bargaining in the Canadian Public Service is in crisis or on the point of collapse. On the other hand, there was also general agreement that the relationship between unions and management over perhaps the last decade has become more confrontational, more aggressive, and more frustrating. The process of collective bargaining is not seen by either side to be working as well as it should.

12. Some of the problems are structural. On the employer's side, the centralization of collective bargaining power in the Treasury Board has been considered essential because of the importance of maintaining a consistent approach across the Public Service. One consequence, however, has been to create a gulf between Treasury Board and the operating concerns of departmental managers, who tend to see themselves as helpless to influence collective bargaining and poorly informed by the central authority. On the union side, some complex and unwieldy structures, particularly in the larger unions, can make it difficult for the leadership to speak with confidence for member components and to negotiate with an assured mandate.

13. In some areas, the Task Force found substantial common ground between unions and the employer. The limits placed on the scope and procedures of collective bargaining in the Public Service are often a source of frustration for both sides. Some of the provisions of the PSSRA which seemed sensible in 1967, today seem paternalistic and overly prescriptive; often seeming to promote process over common sense, to reduce flexibility in seeking resolutions to problems, and to provide insufficient incentive to the parties to settle without external intervention.

14. Among the most important issues in federal Public Service collective bargaining are the restrictions placed on the right to strike in areas of "essential services" and the process of designating the staff members who must remain at their posts. The Supreme Court decision empowering the employer to designate all operational Air Traffic Controllers enabled managers across the government to over-designate the number of staff to perform "essential services" and has in effect deprived various groups of the threat of striking as a bargaining weapon. All parties are agreed that the original intention of the sections of the PSSRA dealing with designations was not to permit "business as usual" during a strike, but this is in fact what has happened.

15. The perceived unfairness of this situation is made worse by the restrictions in the PSSRA on what can be arbitrated; basically limited to pay rates, hours, leave and discipline. Thus, unions can legitimately argue that they must negotiate across the entire scope of bargainable issues without a meaningful ability to withdraw services, but if they choose the arbitration route instead of conciliation/strike they know that they are thereby deprived of the right to take many areas of disagreement to neutral arbitration.

16. An important area of disagreement is the scope of collective bargaining. Unions generally wish to bargain matters precluded under the PSSRA such as selection standards and processes, classification systems, superannuation plans and performance review. As these issues are bargainable under the Canada Labour Code, a number of unions proposed that the Code be adopted for the Public Service. The employer, on the other hand has held that these matters are managerial rights or, as is the case with staffing selection standards and the merit principle, are regulated by law because of the particular needs of the Public Service.

17. The Task Force also found that managers are not well trained in Staff Relations. Union - management consultation in the work site is often nothing more than information given about conclusions already reached. When local union officials and managers do agree they both often lack the authority to make effective decisions. The Task Force believes that improvements in this area could do a good deal to produce a healthier relationship between management and employee representatives.

18. Those most adversely affected by the deficiencies of the present staff relations system are neither the unions nor the Treasury Board, but the rank and file of the Public Service. It is they who must wait for their benefits while negotiations drag out for 18 months and sometimes longer beyond the expiry of collective agreements. It is also they, together with

departmental managers, who must live with the consequences when various frictions and disputes cannot be dealt with at the departmental level.

19. Without wishing to minimize the complexities of operating a collective bargaining system within a government structure, the Task Force believes that a number of practical improvements to the system can be made which would better serve the interests of the government's employees without prejudicing the principal interests of the government as employer.

Overview of recommendations

20. The general impact of the recommendations in this report would be to move collective bargaining in the Public Service substantially towards the less regulated private sector model.

21. Some whom we consulted advocated going the whole distance, and bringing Public Service collective bargaining under the Canada Labour Code. The Task Force weighed this option but concluded that, in one form or another, special legislative provisions governing the Public Service would be necessary. This being so, the Task Force opted for a "lightened" PSSRA, rather than the potentially more disruptive approach of a transfer of jurisdiction accompanied by legislative amendments.

22. The recommendations which follow are designed to:

- provide improved means to identify essential services and the resultant designation processes;
- provide both sides and the PSSRB with an array of mediation, conciliation, arbitration and other tools when they are needed and in the best form to help parties;
- restore better balance in the respective negotiating strengths of the parties;
- improve departmental involvement in staff relations and collective bargaining;
- reduce unnecessary regulation; and
- remove irritants in the system.

These measures are all based on the Task Force view that the best possible collective agreements or resolution of disputes are those arrived at by the parties themselves. The primary function of the regulating bodies should be to facilitate this process.

23. The Task Force did not set out with the preconceived notion that its recommendations should conform to Public Service 2000's emphasis on de-regulation, loosening of central control, and greater assumption of responsibility by individuals. This however is where we ended up after extensive discussions with the various interested parties and then among ourselves. Accordingly, the recommendations set out below are intended to create a more flexible and less regimented system which at the same time should be more even-handed and fair.

Specific recommendations

Bargaining Unit Organization

24. Under the existing legislation, the PSSRB may certify a bargaining unit on application by an employee organization taking into account such factors as the duties and classifications of employees. The bargaining unit may not contain employees in more than one occupational category. The Task Force could not find a demonstrably better basis on which to establish criteria applicable to the general right of employees to organize.

25. The governing concept should be that employees are left as free as possible to decide for themselves what bargaining agents they should have subject to reasonable oversight by the PSSRB on the basis summarized above. It will be particularly important for this principle to be observed if Public Service 2000 leads to important changes to existing occupational groups and/or to the classification system. The government should not seek to determine what union structures shall exist, but rather should to the fullest possible extent leave this matter to be determined by employees themselves. In addition, there should be a transitional period following any significant change in existing categories and groups to allow employees and their representatives to work out the structures they deem best for effective collective bargaining. During such a period, it may be necessary for the government to prescribe a bargaining structure temporarily in order to provide stability during the transition.

26. The PSSRB should then certify unions on the basis of the standard tests which take into account community of interest, duties, classification plans, the desires of employees, the employer's administrative structure, and other relevant factors as established in labour board jurisprudence.

The Right to Strike, Essential Services, and Designations

27. No one with whom we met suggested that employees of the Public Service should not have the right to strike. However, the impacts of strikes in certain parts of the Public Service may have severe effects on the public by denying essential services for which acceptable substitutes are not available. Such strike may also endanger the safety and security of the public.

28. The Task Force recognizes that the designation of staff members to provide "essential" services in the past decade has exceeded a reasonable definition of those required to provide the minimum level of services for the legitimate protection of the Public. The

problem is to find an alternative to the present system which will restore balance to the powers of the employer and employees at the bargaining table, while protecting the legitimate interests of the Public.

29. There is no area of collective bargaining which so clearly demonstrates that we live in an imperfect world. All known approaches to the maintenance of essential public services have serious defects. An unfettered right to strike is unacceptable, but a complete prohibition can simply give rise to illegal strikes, as experience in a number of jurisdictions has demonstrated. As alternatives to the right to strike, traditional compulsory arbitration and newer forms such as final offer selection both have their limitations. The most one can do is make the best choice between unpalatable alternatives.

30. With the above limitations in mind, the Task Force concluded that measures such as those described below may offer a workable balance between protecting the interests of the public and establishing a more equitable system of collective bargaining than exists at present:

a) The government should establish legislated criteria to decide on those services which should continue and the level at which services should continue during a strike, for reasons of the safety and security of the public or other important public purpose.

b) Accompanying this step would be the creation of a body to apply these criteria to Public Service bargaining units to ensure that essential services are maintained. This body could be a Commission analogous to the Conseil Des Services Essentiels in Quebec. It would be for consideration whether the Commission should be permanent, or should be set up with a fixed term to implement the new measures and make an initial determination for each bargaining unit; in the latter eventuality, continuing responsibility could subsequently be assumed by the PSSRB. If a Commission is created, it should include adequate representation of the parties including the public.

c) The determination of which employees should be prohibited from striking should be made by the Commission following meaningful consultation between the parties. The Commission should be empowered to investigate and conduct hearings as it sees fit and should encourage the parties themselves to agree on designated positions, reserving for itself the right of final decision where appropriate and necessary.

d) Subsequent determinations should be made in the same manner, using the previous determination as a starting point.

e) The present system of designating individuals should be replaced by designations of positions.

f) The designation process should be carried out between rounds of collective bargaining, rather than at the beginning of bargaining as at present.

g) Whatever body is assigned these responsibilities, it should be empowered and responsible, during a strike, to ensure that essential services are maintained at a level consistent with the established criteria.

The fundamental purpose of measures along the foregoing lines would be to create a more open and orderly process than exists at present for dealing with the complex issue of essential services.

Dispute Resolution

31. The Task Force concluded that the present dispute resolution processes are inflexible and may not be helping the parties to agree so much as encouraging them to put off decision-making until someone else is forced to impose a solution. Therefore, the intention of the following proposals on arbitration and conciliation is to provide assistance when required and in the form desired by the parties, while placing a greater onus on them to find agreement themselves.

32. Arbitration has fallen into disfavour in recent years, largely because it is limited to rates of pay, hours of work, leave entitlement and standards of discipline. In order to improve the fairness of arbitration as a method of dispute resolution, particularly for those bargaining units where the effectiveness of the conciliation/strike route is reduced by large numbers of designations, the Task Force recommends:

a) that binding arbitration be available for all matters which may legally be the subject of negotiation;

b) that boards of arbitration be constituted by the parties each selecting a representative who then select a mutually agreeable chairperson. In the event of disagreement, the PSSRB would name a chairperson; and

c) that the parties be permitted, by mutual agreement, to use single arbitrators, final offer selection, or other variations of arbitration.

33. Under the current procedure, either party may request arbitration at any stage in the negotiating process. The PSSRB has little option but to comply, even if the parties have not seriously attempted to resolve as many issues as possible. The Task Force proposes that the PSSRB be given more flexibility in this area. At the same time, the PSSRB should be empowered not only to supply mediation, conciliation and fact-finding services to the parties at their request, or to withold them, but also to impose these services at its discretion.

34. In the absence of a decision to invoke arbitration, the conciliation/strike procedures would apply. These procedures should however be improved. In their existing form, they lock the parties into a conciliation

board as virtually the only means of dispute resolution. This contrasts with procedures under the Canada Labour Code where the parties have considerable latitude to select their own procedures. Further, under the Canada Labour Code the Minister of Labour has broad discretion to intervene and direct the process when the parties cannot agree. The Task Force recommends that the conciliation/strike route under the PSSRA be modified to conform as closely as possible to that contained in the Canada Labour Code. The role of the Minister of Labour under the Code should be assumed by the chairperson of the PSSRB.

35. Features of this process would include:

    a) The parties would be free, by mutual agreement, to request a variety of mediation, conciliation, or fact-finding services.

    b) The parties would be free to select voluntary arbitration on any or all issues. Variations such as final-offer selection would also be available by mutual agreement.

    c) The PSSRB would have discretion at any time to appoint mediation, conciliation or fact-finding services in an attempt to assist the parties to resolve their differences. Such discretion might also be exercised when the parties have not mutually agreed, but application is made by either.

    d) The final dispute resolution method would be either a conciliation commissioner or a conciliation board, at the discretion of the PSSRB.

    e) The PSSRB would be able to refuse a request for a conciliation commissioner or conciliation board, or, prior to appointing such a body, appoint a mediator to assist the parties.

    f) The PSSRB would be empowered to return for clarification the report of a conciliation commissioner or a conciliation board.

    g) The right to strike would be acquired seven days following the receipt by the PSSRB of the report of a conciliation board or conciliation commissioner or following notice in writing by the PSSRB that such a body would not be appointed.

36. The PSSRB should provide conciliators/-mediators/fact finders either from its own staff or from lists of professionals from the private sector or the Federal Mediation and Conciliation Service developed after consultation. On either dispute resolution path, the PSSRB should have discretionary authority to appoint conciliation or fact-finding assistance at any stage in order to aid the parties.

The Scope of Bargaining

37. The PSSRA provides that the employer has the "right or authority...to determine the organization of the Public Service and to assign duties and to classify positions therein." Other provisions exclude from the scope of bargaining issues which would require the alteration or amendment of an act such as the Public Service Superannuation Act.

38. These restrictions on the scope of collective bargaining are due to deliberate decisions of Parliament. For example, in the Public Service Employment Act (PSEA) selection standards and processes are prerogatives of the Public Service Commission and stand allied with the "Merit Principle" as cornerstones of public service staffing and promotion. Similarly, release for incompetence and incapacity and for certain proscribed political activities is legislated in this act. Further, the processes of transfer, layoff and probation are provided for under the PSEA. All these provisions have been the result of the legislators' concerns for the preservation of a professional and non-political Public Service.

39. The scope of bargaining was the subject of very different and strongly held views heard by the Task Force. A number of unions expressed a strong desire to be regulated under the Canada Labour Code in order to escape the more restricted scope of the PSSRA. A few matters, most especially classification plans and processes, seem to be responsible for much of the desire to change the collective bargaining regime.

40. In passing the PSSRA in 1967, Parliament recognized basic differences in the roles of the private and public sectors. The Task Force found no basis for concluding that these differences are less important today than they were when the act was passed. Accordingly, we recommend that the government should retain the right to organize the Public Service, to assign duties and to classify positions as currently provided for in the PSSRA. We note that, within this definition of the employer's rights, there is room for a very substantial range of issues to be brought to the bargaining table; examples of subjects discussed in recent years include technological change, training, and workforce adjustment.

41. Classification regimes are held by the employer to be an important element in the right to organize and to structure duties and allocate work. Given the size of the Public Service and the potential costs and other impacts if collective bargaining were to result in a variety of classification schemes differing from collective agreement to collective agreement, the Task Force did not conclude that classification schemes should be bargainable. However, recognizing the frustration that the application of classification plans can produce, the Task Force recommends that subject to the results of a review of the impact of classification grievance in other jurisdictions, the application of the employer's plan be subject to grievance and adjudication. (See paragraph 46)

Penalties for Illegal Strikes

42. The penalties for illegal strikes should be raised to the level provided for in the Canada Labour Code. The Task Force could see no reason for differences between public and private sector practice in this case.

43. The Task Force appreciates the argument that lockout is an appropriate balance for the right to strike. However, the right to strike in the Public Service has been partially fettered, and in view of the fact that the losers in a lockout situation include especially the Canadian public, the Task Force saw no compelling reason to specifically provide for lockouts. It noted that other measures had been successfully used in the past to deal with problems such as rotating strikes.

Strike Votes

44. While the Task Force was not persuaded that secret ballot strike votes should be mandatory, it recognized that they can provide an important protection for employees. The PSSRB should be empowered to receive, investigate, and rule on employee complaints of unfair or improper process by bargaining agents. Such a provision could protect the rights of employees without imposing onerous regulations.

Duty of Fair Representation

45. The Canada Labour Code requires, among other things, that a bargaining agent may not act in a manner that is arbitrary, discriminatory or in bad faith in representing employees in the unit. The PSSRA contains no such provision. The Task Force could see no reason to maintain these public/private sector differences, and therefore recommends that the PSSRA similarly require a duty of fair representation by the unions.

Scope of Grievance and Adjudication

46. It is widely accepted that the organization of work and the allocation of duties are basic responsibilities of management. The discharge of these responsibilities requires that management should also have the right to establish systems and criteria for the classification of positions. The Task Force was however conscious that employee representatives attach great importance to making the application of classification schemes subject to grievance and adjudication procedures, and concluded that such a step could materially enhance fairness and equity in the classification system. It would however be advisable to assess fully the likely practical implications of such a step before decisions are made. Accordingly, the Task Force recommends that the government examine the experience of provincial and other governments with such arrangements and, subject to the findings, that it make classification schemes subject to grievance and adjudication procedures. If major occupational group changes occur as a result of other Public Service 2000 proposals, a reasonable transition period before implementation of classification adjudication will also be needed.

47. In addition, the Task Force recommends that demotion and release for incompetence and incapacity (now regulated under the PSEA) fall within the scope of grievance and adjudication under the PSSRA along with suspension and discharge for disciplinary reasons.

Redress Processes

48. The Task Force heard a number of representations to the effect that over the years there has been a proliferation of redress mechanisms. The present system is unnecessarily complex and open to abuse. The Task Force recommends that there should, wherever possible, be a single process of redress by employees against actions of the employer. That process should be grievance culminating in adjudication.

49. While proposing the single redress process as a Staff Relations principle within the Public Service, the Task Force noted that individuals could also invoke the protections provided by the Charter of Rights and access to the Human Rights Commission.

Grievance Processes and Grievance Mediation

50. The Task Force endorses the view that there are too many levels in the present grievance process. In some cases inadequate delegation of authority can be an obstacle to resolving issues at the appropriate level. In addition, the reluctance of senior managers to over-rule decisions made by those at more junior levels can lead to fewer grievances being settled prior to adjudication than reasonable parties might be expected to solve.

51. The Task Force therefore recommends that consideration be given to the provision of mediation services at the unopposed request of either party or upon joint request. Mediators could be selected by the parties or named by the PSSRB from within PSSRB staff or from a list of competent labour relations officers prepared in consultation with the parties. Information presented to the Task Force indicated that in some jurisdictions very high percentages of grievances, which would otherwise have reached adjudication, have been resolved by the parties when mediation is provided. This may be particularly important if the Task Force recommendation on allowing classification grievances is accepted.

Mass Grievances

52. There have been instances in which large numbers of employees have grieved essentially the same issues.

or in which, lacking legal status in the proceedings, the unions may have arranged for employees to grieve so as to resolve an issue. Even though a decision on one such grievance should logically apply to all like it, at present all must proceed individually through all steps including adjudication if the issue is adjudicable. Large amounts of time can be wasted in such proceedings.

53. The Task Force recommends that at the request of either party, the PSSRB may hear one "sample" grievance or the minimum number required to provide adequate description of the issue. The law should permit others to be held in abeyance **pro tem** and the eventual adjudication decisions should then be applied to all.

Choice of Adjudication

54. Today the PSSRB names adjudicators, usually from among its members. The Task force recommends that the parties be allowed to propose the use of particular adjudicators on the PSSRB staff or outside it on a case-by-case basis in addition to their existing rights to negotiate a list of acceptable adjudicators in collective agreements. In turn, the PSSRB should remain free to name adjudicators both from within its own ranks and outside when these rights have not been exercised by the parties.

55. Whatever the source, adjudication decisions can have very significant effects and poorly informed judgements can be made by adjudicators working in isolation. The PSSRB, therefore should be given adjudication review powers to ensure consistency and quality. These powers should extend to the jurisdiction taken by the adjudicator and the decision rendered.

Exclusions

56. Many managers complain of excessive difficulty and delay in excluding management representatives from membership in bargaining units. Problems seem particularly prevalent at lower levels of management. Yet, the conflict of interest which is produced by a failure to exclude can be serious. The Task Force therefore recommends that the criteria for exclusions in the PSSRA should be broadened to include all those positions which require the exercise of significant management functions. Positions would be deemed to be excluded pending union objection leading to a final decision by the PSSRB. Once excluded, a position would remain excluded until an organizational change or a change in the allocation of duties occurred leading to voluntary withdrawal by the department or a challenge by the union. Successive incumbents would therefore normally be excluded.

57. At the same time, the Task Force recognizes that there have been far too many "confidential" exclusions. For example, all members of the PE community are automatically excluded even though the duties of various individuals may have little or nothing to do with sensitive management matters or Staff Relations. The Task Force recommends that this matter be studied with a view to reducing the numbers substantially. The Task Force notes that the Canada Labour Code excludes, on a confidential basis, only those directly involved in Staff Relations.

58. Consistent with the recommendation for designations, exclusions should apply to positions rather than to individuals.

National Joint Council

59. The National Joint Council (NJC) is a forum of long standing wherein unions and employer representatives deal with matters having common application transcending all bargaining units in the Public Service. Negotiations are conducted and concluded with regard to issues such as Relocation Policy, Foreign Service Directives, Clothing Policy, Travel Policy and so on. Should impasses occur in these NJC negotiations there is a third party dispute settlement process. All unions are represented in the NJC and have equal standing.

60. The Task Force supports the National Joint Council policy consultative role and the enhanced consultation process it can represent. At the same time, the Task Force recognizes that agreed policies are deemed to have the status of terms in collective agreements. Following the Task Force conclusion that there should be fewer redress processes we recommend that grievances related to such policies should not be handled by the council but should go through the normal departmental procedure culminating in PSSRB adjudication.

61. While the NJC already performs a useful and positive role as a consultative body and in the bargaining of matters that have universal interest and application it may be handicapped in some respects by the lack of a statutory base. The government may accordingly wish to include in any general legislation presented to parliament a section defining the role of the NJC.

Delays in Settlements

62. The Task Force recommends the extension of the present 60 days Notice to Bargain to 90 days to allow more adequate preparation time and hopefully to reduce the sometimes lengthy delays between the expiry of one contract and the conclusion of a new one. The Task Force recognizes, however, that future reductions in delays will depend primarily on changing the approaches that both sides bring to the bargaining table, and, to a lesser extent, on the instruments available to help them arrive at settlements.

Role of Departments

63. The Task Force recommends that serious consideration be given to finding ways to involve senior departmental managers more extensively in collective bargaining processes - and most particularly in mandate building and "tradeoff" decision-making.

64. Furthermore, the Task Force recommends that the government study the possible adoption of so-called two tier bargaining in which Treasury Board and union executives would bargain wages and major monetary items, while departments and union components would bargain many matters affecting the workplace. This concept may be particularly relevant in light of possible impending changes in bargaining unit structures.

65. Departments should also be given more authority to deal with issues between negotiations and to handle most grievances at the adjudication level.

Other Factors in the Role of the PSSRB

66. The Task Force recommends that the primary role of the PSSRB should be to facilitate the processes by which the parties themselves come to agreement. Thus, greater discretion is suggested to enable the Board to assist the process of dispute resolution while providing less intrusive direction on matters of detail and choices of methods.

67. Further, the Task Force recommends that unions be consulted on the nomination of PSSRB members including its Chairperson, Vice-Chairperson and Deputy Chairpersons, just as they are with other members.

General Measures

68. The Task Force recognizes that the climate of Staff Relations owes at least as much to the working relationships of supervisors and employees as to the rules, processes and institutions of collective bargaining. The latter can however provide a framework for greater collaboration, or less; they can stimulate partnership in the workplace, or antagonism. Therefore, much of the Task Force's attention has been directed toward the law and structure as indicated by the preceding sections.

69. However, there is no doubt that managers in the Public Service require more and better training in planning and managing Staff Relations and in the processes and principles of collective bargaining and contract administration. Furthermore, when significant changes occur in collective bargaining agreements, it is the operational manager who must thoroughly understand their application. Therefore, the employer must provide thorough interpretations of the terms of new agreements and any necessary training in their application.

70. The Task Force is also of the view that there should be far more focus on improving consultative mechanisms. Much of what passes for consultation with employees today is a substitute for the departmental bulletin board. True consultation takes place early enough in the process of planning to be influenced by the views of those consulted and entails a willingness to acknowledge the validity of the views presented. Senior management, as always, must lead by demonstrating a commitment to consultation and to improving Staff Relations.

71. Finally, the Task Force is encouraged by the emerging recommendations in other Task Forces to enhance the authority and scope of decision-making at lower operational levels so that dialogue can lead to effective decisions. Such changes should also be conducive to improved staff relations.

Impact of the recommendations

Cost and Other Effects

72. The number of grievances will certainly rise if the proposal that specific classification decisions be adjudicable is accepted. On the other hand, without detailed study of the caseload factors, staff salaries and private adjudication fees and so on, the exact costs are difficult to establish but unlikely to be sizeable.

73. Other recommendations such as those on mass grievances may well reduce present costs. On balance, the Task Force believes its proposals to be cost neutral with the exception of the "Essential Services Commission". The recommendation to study the establishment of such a Commission would result in greater certainty as to the necessary size of such a body, operational workload and administrative structure.

74. The Task Force foresees no increases in the size of the Public Service as a result of its deliberations, nor are the proposals likely to affect government operations or service to the public except to the extent that an improvement in staff relations makes a positive contribution to both.

Conclusions

75. Unions and managers alike will most likely find some elements in these proposals to cheer, and some to reject. Unions may believe the report does not go far enough in terms of scope of bargaining or in reducing frustrations associated with the concept of essential services and designations. Managers may find the idea of classification grievance, among other ideas, difficult to accept. Each institution, the Treasury Board negotiators, the NJC and the PSSRB may find gains and losses. The Task Force particularly hopes, however, that employees in the Public Service will

be encouraged by the attention we have tried to give to situations that adversely affect them as individuals as well as in their capacity as members of bargaining units. Implementation of our recommendations will leave plenty of problems unresolved, but should also effect a number of important pragmatic improvements in relations between managers and staff in the Canadian Public service.

Annex A to the Report of the Task Force on Staff Relations

Members of the Task Force on Staff Relations

A. Kroeger ________________________________ **Task Force Chairman**
Deputy Minister/Chairman
Employment and Immigration Canada

V. W. Barbeau
Assistant Deputy Minister
Airports Group
Transport Canada

D. Broadbent
Deputy Minister
Veterans Affairs Canada

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Assistant Secretary, Collective Bargaining Division
Staff Relations Branch
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R. S. Lafleur
Assistant Deputy Minister
Realty Services
Public Works Canada

D. J. Lindley
Associate Assistant Deputy Minister
Personnel
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D. Morley
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Ontario Region
Employment and Immigration Canada

J. S. Stanford
Deputy Solicitor General
Ministry of the Solicitor General Canada

B. J. Morrissey
Assistant Deputy Minister of Sciences
Fisheries and Oceans

Task Force Support

The Task Force was supported by a Secretariat under the direction of Don Quiring, of the Public Service Commission of Canada, Tom McCready of National Defence, Penny Driscoll of Employment and Immigration Canada and Johanne Laplante of Public Works Canada. In addition public relations assistance was provided by Robert Land, Director General, Public Affairs, Employment and Immigration Canada.

Scope of the examination of Staff Relations

The first major step taken by the Task Force was to develop a "Statement of Issues" which described the specific objectives of the work and the scope of study which the group intended to pursue. The "Statement of Issues" was then widely circulated to notify interested parties of the subjects of review and to elicit responses to the specific issues raised.

The Task Force held consultative meetings on these comprehensive issues with unions and managers, other Task Forces, academics, Staff Relations specialists, outside experts and the officers of the main collective bargaining institutions which affect the Public Service. Written submissions were received from almost all of the unions and institutions and face to face discussions were held with all but two unions. However, all views were received in confidence and the conclusions and recommendations in this report are those of the Task Force alone.

Statement of issues underlying Staff Relations in the Federal Public Service

The Primacy of the Public Interest

The purpose of the Public Service is to serve loyally a democratically elected government and to deliver its programs efficiently and effectively to the Canadian public.

Staff Relations legislation and practices must not be inconsistent with the public interest. Legislation should also recognize the role of Treasury Board as employer and of Unions, as representatives of their membership.

The Objective of the Staff Relations Task Force

The Task Force approaches its work within the framework and spirit of Public Service 2000, which recognizes the importance of creating a climate where relations with staff are founded on a visible concern for their welfare and interests. The Task Force's primary objective, therefore, is to determine how the staff relations climate can be improved in the sense of fostering cooperation, and by establishing mechanisms for the resolution of differences in a manner that is fair, even-handed and reflective of the public interest.

While long outstanding concerns related to current legislation must be addressed, the Task Force wants interested parties to give their views on two specific questions.

- What has caused past conflicts and confrontations?
- What can be done to minimize conflict in the future and establish more effective dialogue, openness and trust?

Within the context of the Task Force's primary objective, interested parties are invited to present their views on the following issues.

1. **Scope of Bargaining**
   - What additions, if any should be made to the matters currently bargainable under the PSSRA?
   - What matters should be excluded from collective bargaining and why?
   - How should matters related to termination of employees currently included in other legislation (PSEA, FAA) be treated?
2. **Rights to Strike**
   - Should the right to strike be maintained?
   - Should there be a right to lock-out?
   - Should employees be temporarily laid off if strikes result in no work being available?
   - What procedures, if any, are required for the holding of strike votes?
   - Are penalties sufficient to discourage illegal strikes?
   - What changes, if any, should be made to the principles and processes governing the designation of employees prohibited from striking by reason of providing essential services (safety & security designations)?
3. **Collective Bargaining Dispute Resolution**
   - What changes or additions should be made to the current dispute resolution processes to expedite collective bargaining?
   - What additional matters, if any, should be subject to binding arbitration?
   - Are present guidelines adequate and, if not what guidelines to third parties are necessary to facilitate reaching a settlement and protect the public interest?
   - How should the costs of dispute resolution processes be allocated?

4. **Grievance and Adjudication Mechanisms**
   - What changes, if any, should be made to the current grievance and adjudication processes to make them more efficient and effective?
   - What additional matters, if any, should be subject to grievance and/or adjudication?.
   - Should adjudicators continue to be members of the PSSRB or should they be selected by the parties?
   - How should the costs of adjudication be allocated?
   - What formal role, if any, should departments have in the adjudication process?
5. **Collective Bargaining Framework**
   - What formal role, if any, should the National Joint Council have in the collective bargaining process?
   - What provisions, if any, should there be for service-wide master agreement bargaining?
   - What should be the dispute resolution process for service-wide bargaining?
   - What formal role, if any, should departments have in the collective bargaining process?
6. **Labour Management Consultation**
   - Should there be formal consultation mechanisms at national, regional, and local levels?

full interpretations of new collective agreements, together with any necessary training.

p) Consultation (Paragraph 70):

Departmental and service wide consultation should be improved by enlarging the scope of consultation and ensuring that it occurs early in the policy development process. Senior management should demonstrate a willingness to consult.

7. **Facilitating the Collective Bargaining Process**
   - What changes, if any, should be made to the current occupational group and bargaining unit structure?
   - What changes can be made to other processes and practices to simplify and expedite collective bargaining and dispute resolution?
8. **Role of the PSSRB**
   - What changes, if any, should be made to the current functions, powers and structure of the PSSRB?
   - Should responsibility for the Public Service be transferred to the Canada Labour Relations Board?
9. **Exclusions**
   - What principles and practices should govern the identification of persons excluded from collective bargaining (managerial and confidential exclusions)?
10. **Rights and Prohibitions**
    - What changes or additions, if any, should be made to the rights and prohibitions currently contained in the PSSRA?
    - Should bargaining unit members have a right to representation, and unions a duty of fair representation?

Annex C to the Report of the Task Force on Staff Relations

List of Contributors Formally Invited to Brief the Task Force on Staff Relations

1. All Deputy Ministers of the Federal Public Service were provided with a copy of our **Statement of Issues** and invited to organize a Departmental response.

2. Unions:

Aircraft Operations Group Association

Association of Public Service Financial Administrators

Canadian Air Traffic Control Association

Canadian Association of Professional Radio Operators

Canadian Merchant Service Guild

Council of Graphic Arts Unions of Public Service of Canada

Economists', Sociologists' and Statisticians' Association

Federal Government Dockyard Trades and Labour Council (Esquimalt)

Federal Government Dockyard Trades and Labour Council (East)

Federal Government Dockyard Chargehands Association

International Brotherhood of Electrical Workers

Professional Association of Foreign Service Officers

Professional Institute of the Public Service of Canada

Public Service Alliance of Canada
Syndicat canadien des employes professionnels et techniques

3. Staff Relations Specialists

Mr. J. C. Cloutier
Director Staff Relations and Compensation
Revenue Canada

Mr. G. M. Allen
Director General
Staff Relations and Compensation
Transport Canada

Ms. L. Brown
Director Staff Relations
Customs and Excise
Revenue Canada

Ms. J. De Laat
Director
Employee Relations and Compensation
Correctional Services Canada

Mr. R. E. Smart
Chief
Staff Relations and Compensation Division
Indian and Northern Affairs

Mr. J. K. Gibson
Manager
Employee Relations
National Research Council

4. Managers who were invited to brief the Task Force because of their special experience of particular aspects of collective bargaining, consultation or contract administration:

Captain (N) C. Baker
Commanding Officer
Ship Repair Unit (Atlantic)

Dr. G. Dittberner
Inspector General of Operations Directorate
Food Production and Inspection Branch
Agriculture Canada

Mr. Mike Hancock
District Director
Employment and Immigration Canada
Brantford, Ontario

Mr.Trefle Lacombe
Executive Director
Quebec Region
Employment and Immigration Canada

Mr. J. Phelps
Deputy Commissioner
Correctional Programs and Operations
Ministry of the Solicitor General of Canada

Mr. Serge Rainville
Executive Director
Ste. Anne de Bellevue Hospital

5. Special advisors on Staff Relations:

Mr. Brian Kelier
Keller and Associates

Mr. William Kelly
Formerly Associate Deputy Minister
Labour Canada

Mr. Mike McDermott
Senior Assistant Deputy Minister
Federal Mediation and Conciliation Services
Labour Canada

6. **Mr. Ian Deans**
Staff Relations Board Chairman
Public Service Staff Relations Board

7. **Mr. L. M. Tenace**
   Deputy Secretary Staff Relations Branch
   Treasury Board of Canada

8. **Ms. Shirley Goldenberg**
   Consultant in Staff Relations

9. **Mr. Jim Thomas**
   Assistant Deputy Minister
   Human Resources Secretariat Management Board of Cabinet, Ontario

10. **Mr. Des Davidge**

    General Secretary
    National Joint Council

11. The other Task Forces of Public Service 2000

12. Many others contributed advice, articles, opinions and general assistance during the course of Public Service 2000 activities or because of a particular interest in Staff Relations.

For Discussion **August 6, 1990**

Synopsis of the Report Of The Task Force on Staff Relations

Background

In mid-December 1989, the Prime Minister launched Public Service 2000 to renew the Canadian Public Service. The Task Force on Staff Relations was one of nine established at that time. This paper provides a synopsis of the objectives, methodology, findings, and conclusions of the Task Force. Its summarized recommendations are provided in Annex A. For those readers wishing a fuller explanation of any recommendations, the paragraph references refer to the full text in the Report itself.

Objectives

The Task Force on Staff Relations was guided by the objectives and spirit of Public Service 2000 and in particular, the principle that relations with staff should be founded on a visible concern for their welfare and interests.

Methodology

At the outset, the Task Force made a conscious decision to avoid being caught up in procedural detail but instead to provide recommendations of principles and measures of broad significance to the collective bargaining system. The Task Force therefore developed a "Statement of Issues" which in general terms described the broad scope of Public Service collective bargaining and the most significant questions which arise out of consideration of the issues.

The "Statement of Issues" was circulated to unions, Staff Relations experts, outside consultants, institutions involved in the processes of collective bargaining, all Deputy Ministers, and other Task Forces for reactions, comments, and advice. The Task Force met with many representatives of these interested parties and reviewed a great deal of written material describing the views of many interested parties as well as the Staff Relations regimes, problems and developments in other jurisdictions internationally and elsewhere in Canada. Written proposals for change as well as oral presentations were not confined to our original Statement of Issues but provided broad insights about the state of Staff Relations in the Public Service today and what might be done to improve it.

Overview of the State of Staff Relations

The Task Force was made aware that Staff Relations and collective bargaining in particular were not in crisis or in danger of collapse. However, the relationship between the employer and bargaining agents does appear to have worsened in recent times and the processes are sometimes hampered by overly rigid and inflexible rules and procedures. Further, in some cases the course of events over the years has led to imbalances of power in the system, some favouring the employer and some hindering efficient and effective management.

Furthermore, the governing Public Service Staff Relations Act (PSSRA) today seems to be overly prescriptive, rigid, and somewhat paternalistic. Many would argue that it goes too far in protecting the Public Service from the effects of a more open approach to collective bargaining, perhaps similar to the private sector.

Within the structure of departmental and collective bargaining institutions, it is evident that there is room for improvement in the involvement of managers in the processes of bargaining and a requirement to improve staff relations within departments where consultation is often superficial at best and officers are often unprepared or poorly trained to deal with Staff Relations matters.

Conclusions

The Task Force believed that its objective should be to determine the principles and broad measures which would ensure fairness and equity to employees, as represented by their bargaining units, and to the Canadian public whom we all serve, as represented by the government.

We concluded that the best results will usually be obtained, not by imposed solutions, but by practices which help the parties to mutually agree on solutions to their differences by themselves, aided as required by the application of a flexible array of negotiating tools sensibly applied as and when needed.

The Task Force recognized that there are important differences between the Public Service and the private sector which merit consideration in the legislation governing Staff Relations. In the public sector, unions are less constrained by concerns about the employers' ability to pay and the potential impact of over-generous settlements on the future health of the enterprise. Further, the impact of strikes or lockouts in the public sector falls heavily on the public. There are legitimate concerns about the need to preserve similar conditions across the multitude of departments and so preserve a single Public Service and enhance efficiency and service to the public. However, there is also the fundamental inequality of the employer also having the legislative capacity to alter the rules and outcomes of collective bargaining.

We concluded that there should continue to be specific rules for the Public Service but a significant lessening of prescriptions and safeguards and the promotion of a fair balance of power, more akin to a private sector approach.

Within Public Service administration, we recognized problems owing to the relative centralization of collective bargaining responsibilities. We therefore propose greater involvement of departmental management in all Staff Relations matters and increased efforts to ensure appropriate attention to operational concerns in collective bargaining. We noted that Public Service managers should be fully informed about new collective agreements and should receive training in Staff Relations and matters such as grievance handling and union/management consultation.

The Task Force noted that a very significant source of Bargaining Agent frustration has resulted from the over-designation of "essential" staff to provide services during any strike. To restore a sensible balance between the legitimate right of employers to withdraw services and the need to protect the public from the worst consequences of strikes in essential services, the Task Force has recommended that the government consider the establishment of an independent Commission and the development of legislated criteria for the Commission to apply in determining those services which should be protected and the level of service which can legitimately be described as essential.

The Task Force has also recognized the administrative problems associated with both designations and exclusions of people rather than positions and the need to determine these at a time other than during collective bargaining negotiations. Thus, recommendations are made to resolve both the timing and application problems.

We examined the tools available to the Public Service Staff Relations Board (PSSRB) to regulate the conduct of negotiations and to bring about agreement. We concluded that the PSSRA and present practice seems overly rigid and, to some degree at least, aimed at imposing solutions as opposed to urging and helping the parties to eventually agree. To that end, we propose the addition of considerable flexibility of approach and the inclusion of a variety of optional tools to assist negotiations to be applied at the request of the parties or by decision of the Board.

The Task Force has also concluded that there are too many redress avenues available to deal with employee complaints and that, in principle, there should be only one commonly used process, that being grievance, culminating in adjudication. Therefore, the Task Force has also proposed that demotion and release for incompetency and incapacity should be removed from the Public Service Employment Act and made grievable and adjudicable as is dismissal under the PSSRA.

A significant source of employee dissatisfaction stems from the application of classification schemes without access to impartial adjudication. The Task Force concluded that there were good reasons to continue to withhold classification schemes themselves from the scope of bargaining. However, subject to a review of the experience of other Public Service jurisdictions with classification adjudication, it would seem reasonable to allow employees to bring grievances on the application of the employer's classification plan to adjudication. Of course, there may well be significant changes to the present occupational group structure and, therefore, a need to delay implementation of classification adjudication for a transitional period.

Annex A

Summary of recommendations

Major recommendations of the Task Force are summarized below. Each is given fuller explanation in the main body of the report beginning with the paragraph indicated in parentheses.

a) Bargaining Unit Organization (Paragraph 24):

(i) The Task Force reaffirms the right of employees to organize in their own best interests following any significant changes in Occupational Categories and classification structure as a result of PS2000.

(ii) There should be a transition period followed by Public Service Staff Relations Board (PSSRB) certification of bargaining agents.

b) Right to Strike (Paragraph 27):

(i) The Task Force reaffirms the basic right to strike but recommends measures to protect the public in the case of public services seen as essential.

(ii) The Task Force proposes that criteria be developed defining essential services and that a body be established to administer these criteria and to determine the numbers of employees designated to perform essential duties.

(iii) Designations should be determined between bargaining rounds and should be applied to positions, not persons, remaining in force until functions change.

c) Dispute Resolution (Paragraph 31)

(i) The Task Force concludes that the overriding objective of dispute resolution processes should be to help the parties to settle disputes themselves.

(ii) Bargaining agents should select binding arbitration or conciliation/strike at the outset of negotiations, but the parties and the PSSRB should be given flexibility to employ a wider variety of techniques at appropriate times to facilitate the negotiating process.

(iii) The scope of arbitration should be equal to the scope of bargaining.

(iv) Particular arbitrators or Boards of Arbitration should be imposed by the PSSRB only when the parties cannot agree themselves on the person or persons.

(v) The PSSRB should be empowered to:

(a) Provide mediation, conciliation, or fact finding services upon request or to impose these when negotiations break down.

(b) Supply arbitration services only when satisfied that other methods will not help and negotiations are at an impasse.

(c) Supply arbitration services, including final offer selection, upon request from both parties on the conciliation/strike route, and when other methods do not seem likely to lead to agreement.

d) Penalties for Illegal Strikes (Paragraph 42):

Penalties should be raised to the levels contained in the Canada Labour Code.

e) Strike Votes (Paragraph 44):

There should not be a mandatory, secret ballot process. However, the PSSRB should investigate and rule on employee complaints of unfair process.

f) Duty of Fair Representation (Paragraph 45):

The Public Service Staff Relations Act (PSSRA) should impose a duty of fair representation on the unions similar to that in the Canada Labour Code.

g) Grievance and Adjudication (Paragraph 46):

(i) Subject to the results of a review of experience in other Public Service jurisdictions, the application of the employer's classification plan should be grievable and adjudicable. If major changes to the present occupational group and classification structure occur, this recommendation should be implemented following an appropriate vestibule period.

(ii) There should be consolidation of redress provisions. In particular, release for incompetence and incapacity and demotion should be grievable and adjudicable just as is discharge for disciplinary reasons.

(iii) National Joint Council (NJC) approved policies should be grievable only through the ordinary grievance process culminating in adjudication by the PSSRB.

(iv) Mediation services requested by the parties jointly should be provided by the PSSRB prior to adjudication.

h) Mass Grievances (Paragraph 52):

The PSSRB should be empowered to hear one grievance (or a representative number) at the request of either party instead of a large number of similar grievances.

The decision taken would apply to all.

i) Review of Adjudication Decisions (Paragraph 54):

The PSSRB should be empowered to review adjudication decisions for consistency and equity across issues.

j) Exclusions (Paragraph 56):

(i) Positions, not individuals, should be excluded.

(ii) The main basis of exclusion should be the performance of significant management duties.

(iii) The number of "confidential" exclusions is excessive and should be substantially reduced. The Task Force recommends the reconsideration of "confidential" exclusions beyond those for positions involved in the operations of staff relations.

(iv) Exclusions should be deemed to be in effect when proposed until the PSSRB renders a contrary decision

k)National Joint Council (NJC) (Paragraph 58):

The Task Force endorses and wishes to enhance the important policy consultation role of NJC but recommends that grievances of NJC policies follow the departmental?PSSRB route.

l) Notice to Bargain (Paragraph 62):

The notice to bargain period should be extended to 90 days from 60 .

m) Departmental role in Collective Bargaining (Paragraph 63):

(i) The Departmental role in bargaining should be enhanced especially in the development of the employer's mandate and in trade-off decision-making.

(ii) The government should give careful consideration to two-tier bargaining.

(iii)Departments should handle most grievance adjudication cases except those with public service wide effects.

n) Public Service Staff Relations Board (PSSRB) (Paragraph 66):

Bargaining agents should be consulted on the nomination of the Cahirperson, Vice-Chairperson and Deputy Chairpersons of the PSSRB

o) Training of Managers (paragraph 69):

(i) Managers should receive effective, formal training in Staff Relations.

(ii) The employer should make available to managers full interpretations of new collective agreements, together with any necessary training.

p) Consultation (Paragraph 70):

Departmental and service wide consultation should be improved by enlarging the scope of consultation and ensuring that it occurs early in the policy development process. Senior management should demonstrate a willingness to consult.

Rapport du Groupe de travail sur les relations de travail

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FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON WORKFORCE ADAPTIVENESS

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FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON WORKFORCE ADAPTIVENESS

EXECUTIVE SUMMARY

July 1, 1990

EXECUTIVE SUMMARY

Introduction

> "Why do we need adaptive organizations? Because we can't predict the future."

Like many private companies, public sector organizations must become adaptive to maintain their relevance. While bureaucracies have been traditionally characterized by inertia, there is an emerging awareness all over the world that they must evolve by strategic choice instead of by simply reacting to their environments. The term "adaptive", after all, does not connote merely passive accommodation. Rather, it suggests an attempt to alter the environment and influence matters substantially. Adaptivity is synonymous with effectiveness and is a central feature of healthy organizations.

For example, public institutions have to move away from pre-programmed repertoires to a capacity to act purposively, from a departmental to a corporate orientation, from power-based to task-based solutions. They need to become more decisive (as opposed to analytical), to bring about quick, creative solutions that best serve the public and its various constituencies, all the while under endless scrutiny.

Part 1 of the Report of the Task Force on Workforce Adaptiveness briefly summarizes qualities of an adaptive organization. Part 3, to be completed, will focus on ways that departmental leaders may achieve these qualities. Nine-tenths of what needs to be done is in the domain of management practices rather than system failures, and is therefore at the level of departments and agencies. Statutory or central administrative constraints are not generally important, and where they are, they are usually dealt with by other task forces. Nevertheless, there are some residual changes to the system as a whole that ought to be considered with a view to fostering adaptiveness. These are dealt with in part 2 of the Report and the more significant are as follows.

Recruitment

(1) In the labour market of the 1990s and beyond, recruiting and retaining entry-level officers coming out of the universities will be our single biggest challenge. **We recommend that the PSC enlist departmental leaders and role models in an aggressive, long-term campaign aimed at producing a steady stream of highly adaptive applicants from Canada's universities.**

(2) **The PSC should develop methods for measuring personal adaptiveness.**

(3) Aggressive recruitment means being on campus early, with a capability for making early, concrete job offers. **We recommend that special entry pools offering accelerated developmental opportunities be set up for the new Administration and Analysis groups**, replacing the vanished AT and expanding the present ES programs.

(4) Until the running cost approach is implemented, the pools should be constituted with py's from departments and the center on a 50:50 basis, but **once running costs are in place, the pools should be constituted solely on the basis of the aggregate of departmental commitments to hire**.

(5) Resilient, self-learning organizations embody a diversity of experience and backgrounds. It is the need for adaptiveness, as much as the requirement of a representative public service in a democratic society, that drives employment equity. Thus special emphasis should be given to over-representing women, natives, visible minorities, and the disabled in the Administration and Analysis developmental groups. **TBS, as manager of the pools, should monitor their composition with a view to ensuring their graduates will make a substantial contribution to the future representativeness of the Public Service.**

(6) **Selection boards for recruitment, promotion, and developmental opportunities should include women, men and minorities.**

Opportunity

(7) **It is recommended that a fully professional career counselling service be set up within the Public Service Commission which will:**

- a) **identify to management appropriate candidates for specific competitions and developmental assignments;**
- b) **assist individuals to set realistic career objectives and establish a personal development plan; and**
- c) **be made available to all employees in the Public Service with priority attention being given to affirmative action target groups at officer entry levels and at the feeder levels into the Management Category.**

(8) **We recommend that CCMD establish, on an experimental basis, an inventory of Executives -- not all of them women -- willing to spend an hour or two a week counselling career women.**

(9) **We recommend that an assessment centre program be available once, at the employee's discresion, to all career employees with at least seven years' experience. Assessment centers should be chosen not on the basis of whether they are in the**

private or public sectors, but rather on whether they deal effectively with adaptiveness in an overall program of high repute.

(10) **The present distinction in the incidence of costs between training and development should be lessened so that more of the total cost of development is borne by the employer.**

(11) Access to **developmental** opportunities is a cornerstone of employment equity, which means that **preferential access should be given on the basis of the employee's adaptiveness and future value to the Public Service**, as opposed to specific work experience.

Empowerment

(12) No single thing more annoys front-line employees than the time and paperwork required to access tools. **DSS should have the mandate, resources and incentive to move to a completely paper-free system for routine purchases, so that any officer with delegated authority in a department can draw electronically on stocked items and standing orders at a dramatically lower service charge and delivery time.**

(13) **There should be no mass, system-wide approach to delayering, or to dispensing with the services of many of the present SM-EX category.** It is too expensive, tends to encourage the wrong people to leave, ignores the widely varying realities departments face, and on past experience would not even result in a more representative cadre afterwards.

(14) Instead, **delayering should be seen as a consequence of decentralization and empowerment**. It must be done at the department or branch level. It should not be the most urgent priority in 1991 and 1992, because swallowing all the other reforms of PS 2000 should take precedence. For senior managers who are moving to decentralize, the key thing will be to catch and redeploy the newly redundant before they invent new and more damaging busy work.

Incentives

(15) **Part-time indeterminate workers should be able to contribute to a pension account, and accumulate years of service, in proportion to their time on the job.**

(16) **Career wind-downs should be possible without pension penalty.**

(17) From time to time a specially valued employee accumulates the necessary age and service to render further effort in the Public Service truly a labour of love. To overcome the financial incentive to inopportune departures, **we recommend that at the**

discretion of the employer, either (a) the maximum entitlement of 70 percent of the best six years' salary be increased up to 80 percent, with the employee still paying into the fund as before, or (b) the employer have discretion to offer a separate contributory pension.

(18) In a world of running costs and performance pay, collective bargaining needs to take better account of the unique circumstances of departments so that employees can share directly in the gains to the whole community that come from increased productivity. **The collective bargaining process should allow for supplements to the agreements to be worked out between major bargaining rounds to cover particular productivity schemes.**

(19) **We recommend that the awards policy incorporated in the Treasury Board's Incentive Award Plan** (Chapter 365 of the Administrative Policy Manual) **be revised to provide deputy heads with discretion to establish recognition and reward programs tailored to their departments. Operational restrictions and award criteria currently included in the Incentive Award Policy should be eliminated.**

Resources

(20) **When a redistribution of Hay points during decentralization increases the number of Executive category positions, TBS should be prepared to adjust the complement.**

(21) **More generally, the Executive complement should automatically be adjusted to match the number of jobs classified at the level, plus the normal flex.**

Appraisals

(22) **The roles and reasonable expectations of both parties in the PREA process should be made clear during orientation programs for new employees.**

(23) **For all members of the Executive Category, and starting with deputy ministers, the views of subordinates on the quality of leadership supplied over the appraisal period should be taken into account by those responsible for the evaluation.**

Dealing with Poor Performers

(24) **Section 31 of the Public Service Employment Act be deleted and all causes for termination, excepting only rejection on probation and political interference which should remain under the Public Service Employment Act, should come under the Financial Administration Act.**

(25) **For any FAA discharge, there should be a single redress procedure specified under the Public Service Staff Relations Act**. Nothing in that procedure should derogate from the rights of an individual under the Canadian Human Rights Act.

(26) There is a conflict between the PSEA, which gives PSC the exclusive authority to appoint, and the PSSRA, which gives an arbitrator the power to reinstate -- that is, to also make appointments. This should be resolved in favour of the PSSRA arbitrator. **Where reappointment to the Public Service is deemed appropriate by an arbitrator, the arbitrator should have the authority either to reinstate to the original job or to grant priority for appointment to an equivalent position.**

(27) **Deputy Ministers should have authority to negotiate cash settlements to avoid formal termination and redress proceedings.**

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PREFACE

This draft report of the Task Force on Workforce Adaptation is organized into three sections. Part 1 briefly summarizes some qualities of an adaptive organization. A review of the literature identified approximately 25 key characteristics, 14 of which are considered both fundamental and relevant to the adaptive public service organization. These characteristics are grouped and discussed as follows.

(a) Encapsulating the themes of Leadership and Outer-Directedness, about nine features are described in Part 1. They represent the broader attitudinal and cultural aspects of an adaptive organization, which go beyond the concerns of workforce adaptation in some cases. It is anticipated that specifics in these areas will be covered by several of the other PS 2000 Task Forces.

(b) The remaining features are addressed in Part 2 of this draft, as they deal with the actionable, policy-related and human resources considerations, where relatively direct intervention can occur in the short term. All recommendations for specific legislative or central administrative change are in this section.

(c) Part 3, to be written this summer, will focus on ways that departmental leaders may choose in order to bring their organizations closer to the desired state. It will be exemplary rather than prescriptive -- a source of proven ideas rather than a set of recommendations.

PART 1: THE ADAPTIVE PUBLIC SERVICE ORGANIZATION

Introduction

> "Why do we need adaptive
> organizations? Because we can't
> predict the future."

The onrushing future contains a lot of surprises. Some of them should not be too surprising, for their shadows are already visible. For example:

- the public requires ever more sophisticated services, delivered at ever lower cost
- the labour force in coming decades will be relatively depleted of young people, especially those with advanced technical training, at a time when global economic forces will challenge Canada's competitiveness as never before
- that labour force will be increasingly multicultural, and its largest pool of not fully tapped creativity will be female
- attitudes toward work and careers are changing
- old issues in new guises - - environmental management, the relations between groups in Canadian society, regionalism, relations with the U.S. -- will rise to prominence

These matters, and their consequences, are at least foreseeable, though timing, intensity, and the result of their happening at the same time as some other unrelated things are less predictable. But most of what really matters will still be a surprise. Think of the rude jolts the world has held for statesmen since 1970: oil crises, the resignation of a U.S. President, the rise of Islamic fundamentalism, the collapse of Communism all over Eastern Europe, the coming reunification of Germany. In all of these cases, it has been resilience and adaptiveness that have distinguished swift and effective governmental responses from hesitant, fumbling opportunity losers.

Like many private companies, public sector organizations must become adaptive to maintain their relevance. While bureaucracies have been traditionally characterized by inertia, there is an emerging awareness all over the world that they must evolve by strategic choice instead of by simply reacting to their environments. The term "adaptive", after all, does not connote merely passive accommodation. Rather, it suggests an attempt to alter the environment and influence matters substantially. Adaptivity is synonymous with effectiveness and is a central feature of healthy organizations.

For example, public institutions have to move away from pre-programmed repertoires to a capacity to act purposively, from a departmental to a corporate orientation, from power-based to task-based solutions. They need to become more decisive (as opposed to analytical), to bring about quick, creative solutions that best serve the public and its various constituencies, all the while under endless scrutiny.

There are certain qualities possessed to varying degrees by adaptive organizations, whether private or public. This chapter addresses certain key characteristics from two perspectives: Leadership and Outer-directedness.

Leadership

In the most effective enterprises, **purpose and mission are articulated, along with a shared inner core of values**. "Mission" encompasses what needs to be done and the organization's long-term objectives.

Day-to-day concerns are contrasted with enduring norms affecting the organization's future; the larger the gap, the greater the likelihood those concerns hinder both morale and performance. If allowed to continue, these gaps permit work groups to resist any attempt at change and improvement, and maintain the status quo at all costs. An adaptive public organization needs a focus on objectives, as opposed to programs and projects. It needs a realistic statement of goals, so that it can point out attainable achievements. It has to move away from the norms of objectivity and neutrality about policies (as opposed to politics), because those norms discourage the passionate commitment so very essential to and evident in the adaptive enterprise. The organizational culture, moreover, must attach high priority to leadership and management of people.

There is a distinctive, supportive culture which everyone understands and owns. Departments can -- and should -- develop the subcultures which conduce to overall enhanced performance. Each branch or division is encouraged to adopt and expand on those organization-wide norms that promote organizational success.

Though individuals contribute and are rewarded differently, all members know about the ideal type of organization they are working towards ("one enterprise"). The sharing of values is promoted by the organization's leaders, as culture-transmitters, who take a very active role in this process. Rather than letting it happen or helping it happen, they **make** it happen. They are committed to consensus, and "purpose" is used to connect everyone together. The end result is goal congruence between the various internal groups, e.g. central agencies and departments, or headquarters and regions.

Adaptive organizations also **manage change; they are more active than reactive.** In public institutions, change can often be perceived unfavourably (for example, a re-organization); it is usually a source of considerable anxiety. However, change is a way of life, not an exception to it. The conflict associated with change must be managed rather than avoided, and affected employees have to be equipped to deal with many change-related difficulties. Adaptive, self-designing organizations know the world is messy; they invent or adapt solutions opportunistically, and do not spend time defending past actions.

People are induced to love change as much as they hated it in the past. Change is viewed as an opportunity, rather than a threat. In adaptive organizations, leaders know how to sense the latent energy and create the momentum for implementing critical changes.

Leaders are **change masters with vision.** They are good internal role models, who can view issues from all angles. Their authority comes from expertise, achievements and relationships, more than from status and rank. They are more than managers or administrators, and their vision means more to them than their image. They are opportunity-focused, rather than problem-focused. They think, plan and behave "contextually" rather than getting caught up in day-to-day activities. They seek and initiate needed changes instead of being primarily reinforced for protecting the status quo. They take personal responsibility for maintaining and increasing the organization's effectiveness.

As leaders, these adaptive individuals set an example by treating everyone with respect and as a source of valuable insight; by congratulating those who suggest new ideas; by bringing uncomfortable issues out in the open, listening to those with divergent viewpoints; and by encouraging novel perspectives ensure that nothing has been overlooked. They speak with pride about their organization and avoid criticizing it publicly. They use power in untraditional ways, by tapping into sources of good ideas and figuring out whose collaboration is needed to act on those ideas, rather than relying on hierarchy. Adaptive managers initiate cross-functional projects and strategic partnerships with their clientele. They serve as integrators and facilitators, not as watchdogs and interventionists. They anticipate the responses of other groups and are motivated by challenging projects more than standard reward systems. They enhance others' reputations. They create excitement about mission, a share of the glory and the gains of success.

Their staff are typically creative and flexible, more in the line of "prospectors" than "defenders". They too can manage ambiguity. These employees tend to think of other employees as their customers; there is strong organizational identity.

In adaptive organizations, **opportunities are always challenging.** Flexible institutions offer an endless array, providing incumbents are able to go beyond the extrinsic motives of pay raises and promotions. Intrinsic motives take precedence -- for example, the chance to exchange ideas with other units, departments and private industry. The most effective public organizations develop career systems centered around talent, rather than filling positions in the hierarchy. Access to the most challenging opportunities is based on results achieved by the individual, rather than his or her next most logical step in the occupational classification system. There is instead commitment to the achievement of a particular project that can show results.

The most adaptive people in public organizations are less concerned about career plateauing or even losing position in the hierarchy. In fact, they tend to maintain visibility, marketability, generality, credibility and mobility. They cultivate networks, avoid over-specialization and long-term assignments. They seek to acquire and develop the most portable skills and they realize their institutional affiliations may mean little elsewhere. These individuals rely less on the organization and more on their own abilities, and so they have an easier time adjusting. They thrive on being able to make an impact on the process of government; attracting and retaining them means conveying these values to them.

Another key feature of most adaptive organizations is that they have **built-in, periodic feedback mechanisms at all levels.** There is continual self-review; leaders of the organization believe in this, do not fear the outcomes and invariably act on them. They go beyond diagnosis to action, with a view to fine-tuning the enterprise. Regular opinion surveys or focus groups may be used to assess morale
-- the organization is receptive to the inputs and suggestions of its members. There are forums to enable staff to raise their concerns without fear of retribution; they are deeply involved in continual scrutiny of their organization as a whole.

Communication is most effective when it has to pass through the minimum number of layers to reach its target. Effective leaders adopt participative management; they involve employees in decisions which will affect them and they also encourage staff members to share information with all other levels in the organization. In this way, members are continually learning; no one can say he or she is being left out of the picture.

High-commitment work systems often use outsiders to clarify values, amplify concerns, test the adequacy of proposed changes and help legitimize these changes. Consultants are viewed as important agents of change, bringing a broad perspective, offering objective advice, and going beyond prescribing solutions to facilitating them.

Outer-directedness

A notable feature of the most successful organizations is their responsiveness. Almost without exception, they are oriented toward their environments, outward rather than inward-looking. The challenge of managing change has made many realize they cannot afford to be constrained by rules and procedures; consequently, there is **self-control by empowered members.** Effective project teams, for example, are allowed to work unencumbered by formal plans, committees, board approvals and other bureaucratic delays. Doing the right thing is a priority, which takes precedence over doing things right (without replacing this). So the organization is not always run as a tight ship, with close control over resources and procedures. Leaders know this will too often stifle creativity and dampen enthusiasm for risk-taking.

Empowerment is a key theme in these organizations. There is shared decision-making, diffused responsibility, and collective commitment. People are given the power to act, and tend to represent the organization based on their own best judgment. On an individual level, this can mean, for example, that employees have a chance to perform an "entire" service or produce an identifiable piece of work on their own. They do not simply feel they are faceless contributors to a briefing paper which is ultimately unrecognizable once it has moved through levels of approval in the hierarchy. On an organizational plane, there is ample trust; departments are empowered to develop strategies fitting their own unique culture and mandate.

Associated with this theme is the **encouragement of risk-taking and innovation, rather than error-avoidance.** Individuals are allowed to challenge the common wisdom and use unconventional methods to achieve results. The atmosphere is opportunity-focused, so that ideas are evaluated on their merits, not the status of the originator. There is freedom to fail; the climate tolerates a reasonable number of mistakes, and insists on learning from them.

Public organizations often value tradition, process and adherence to rules; adaptive public organizations respect these values, but alter them when necessary. There is more tolerance for error, which frees up creative energy and often brings out the best efforts of latent performers. High quality services and innovative policies have both evolved in this way. To make it happen, lengthy time periods are allowed to measure the success or failure of innovation, and adequate resources are provided to support it, in every case.

Less adaptive enterprises typically spend less time and effort on discussing how an idea can work, and more on what is likely to go wrong. New ideas are not adopted because they do not seem to be better than present ones, or there is no proof. In addition, a bad scheme may be adopted out of desperation because it seems to be the only (or expedient) alternative, or because the alternative is perceived to be system collapse. However, either-or thinking is not a characteristic of adaptive organizations. They always provide mechanisms for carrying out an active search for alternatives, for questioning the status quo. Positive value is given to behaviours leading to change, to diversity, and even to disagreement. In fact, leaders can have no worse fate than having subordinates decide they will do exactly, and only, what they are told to do. Incentives play a large part; dreaming up and trying innovations is rewarded, but the rewards are not seen as contingent on the success of the innovation. Mistakes provide the most valuable source of learning, and it is considered important to understand them.

Another central feature is that **different perspectives are explored and differences of opinion are encouraged.** For example, there is continuous regrouping of people, functions and services, to produce unexpected, creative new combinations. Individuals are urged to tune into other environments inside and outside the organization. They practice horizontal, cross-functional thinking. They find synergies that multiply value.

Leaders take steps to make sure they hear more than just what subordinates want them to hear -- usually agreeable tidings. Adaptive organizations have an atmosphere in which staff are made to feel comfortable speaking up. Leaders listen and provoke dissension so that they can see all sides of an issue before a decision is made. Policy committees try to solicit opposing views, without installing gatekeepers to filter this information. Leaders tolerate eccentricity. They are accessible and practice "management by wandering around". They do not erect barriers or convey any sense of retribution or negative sanctions.

Organizations acting with these norms find themselves more anticipatory to change; it does not come as an unwelcome surprise. They are proactive in their stance, increasingly finding ways to build coalitions with groups and entities --alliances they may once have considered unthinkable.

Finally -- and fundamentally -- adaptive public service organizations have a **strong client orientation.** They listen carefully and regularly to their customers. The customer is identified and made central to all affairs. Individuals receive satisfaction from serving clients more than from serving the bureaucracy. This is an organization-wide norm, conveyed by leaders and consistently monitored. Written and verbal communication is geared to the language of the consumer of services, rather than the jargon of internal interest groups. All stakeholders are consulted when policies are researched, developed and implemented.

Because the ultimate criterion of success in a public service organization is satisfaction of clients, there are mechanisms to assess this, formally or informally. Client satisfaction surveys may be used. Results are used to improve services -- quantity, quality, modes of delivery, and so on. The public repute of the adaptive enterprise is the value driving the improvement efforts. But these improvements are more substantial than cosmetic; the result is "least-cost excellence".

PART 2: MAKING IT WORK

Nine-tenths of what needs to be done is in the domain of management practices rather than system failures, and is therefore at the level of departments and agencies. Statutory or central administrative constraints are not generally important, and where they are, they are usually dealt with by other task forces. Nevertheless, there are some residual changes to the system as a whole that ought to be considered with a view to fostering adaptiveness. It is this gap-filling role that makes the recommendations in this section less comprehensive than they would have been without nine other task forces and a basically sensible organization of the Public Service to begin with.

Recruitment

Adaptive organizations are full of adaptive people. Though not all members have to be adaptive for the organization to be effective, its leadership must be, and that ethos must permeate the organization. People can learn; inflexible attitudes and behaviours can change, in the right environment. Still, it helps when recruiting or promoting to search for certain characteristics, particularly at the graduate entry level. The people we seek to recruit should have higher than average amounts of many of the following traits:

> Versatility: these people have (or want to develop) **multiple skills**, become **diversely experienced**; they are **generalists** at heart, though they often build outward from a specialist training. They are **energetic** and **persistent**.
>
> Curiosity: they are **intellectually curious**, **honest** and **open-minded**; **active listeners** and **lifelong learners**. They have a taste for **complexity**, **novelty** and **ambiguity**. They are **undogmatic**. More than tolerating **unconventional ideas**, they enjoy them and seek them out.
>
> Sharing: They are good at **collaborating**, **sharing**, and **teaming**, and they form and dissolve partnerships easily as the problem changes. Their **egos are strong**, because **self-confidence** is key, but also **resilient**, since in the cut and thrust of new ideas, a brittle or fragile person is too easily wounded. They have a **sense of humour**, enjoy **play**, and tend toward **irreverence**.
>
> Future orientation: Adaptive people are oriented to the future; they **anticipate** rather than react. They are **comfortable with taking risks**; security is not their top concern.

At the entry level, these predispositions may be more latent than manifest in experience, but they can and should be prospected for.

(1) In the labour market of the 1990s and beyond, recruiting and retaining entry-level officers coming out of the universities will be our single biggest challenge. **We recommend that the PSC enlist departmental leaders and role models in an aggressive, long-term campaign aimed at producing a steady stream of highly adaptive applicants from Canada's universities.**

(2) **Across the whole Service but particularly at the post-secondary entry level and on hiring executives from outside, screening and selection criteria should include the several dimensions of adaptiveness**, under the general heading of personal suitability.

(3) **The PSC should develop methods for measuring personal adaptiveness.**

(4) Aggressive recruitment means being on campus early, with a capability for making early, concrete job offers. **We recommend that special entry pools offering accelerated developmental opportunities be set up for the new Administration and Analysis groups**, replacing the vanished AT and expanding the present ES programs.

(5) There is a tendency in setting up developmental programs to concentrate overly on headquarters staff experience. **It is important that the experience gained by trainees include service in the regions on the front lines of program delivery.**

(6) Until the running cost approach is implemented, the pools should be constituted with py's from departments and the center on a 50:50 basis, but **once running costs are in place, the pools should be constituted solely on the basis of the aggregate of departmental commitments to hire.**

(7) **The new training programs should be centrally managed by TBS, under a "board of directors" composed of senior officers of departments guaranteeing the positions.**

(8) **Applications to these developmental positions should be accepted on a competitive basis from persons now in the Public Service.**

(9) Resilient, self-learning organizations embody a diversity of experience and backgrounds. It is the need for adaptiveness, as much as the requirement of a representative public service in a democratic society, that drives employment equity. Thus special emphasis should be given to over-representing women, natives, visible minorities, and the disabled in the Administration and Analysis developmental groups. **TBS, as manager of the pools, should monitor their composition with a view to ensuring their graduates will make a substantial contribution to the future representativeness of the Public Service.**

(10) **Selection boards for recruitment, promotion, and developmental opportunities should include women, men and minorities.**

Opportunity

A feature of public service which the private sector cannot match is the diversity, challenge, and social importance of the tasks to be done. This is particularly true for younger people, who often find themselves in charge of files of a kind their private sector contemporaries do not get to handle until they have accumulated a good deal more seniority. The sheer magnitude of the opportunities
to make a measurable, visible contribution in the Public Service is one of its most attractive features. The challenge is how to exploit this diversity in ways which (a) keep people continually energized, (b) reward adaptive people with the diversity that attracted them in the first place, in a world where promotion will inevitably be slow, and (c) give running room to the most capable, especially those who are female, native, handicapped or visible minorities.

A special word with regard to these latter groups. As noted, a public service fully representative of the population it serves is usually (and sufficiently) justified on grounds of equity alone. This ignores the equally compelling efficiency argument -- that a key ingredient of adaptiveness is diversity. An organization that can draw on people with varied life experiences has richer sources of creativity than a homogeneous one. Remember, it was limited and specialized repertoires that did in the dinosaurs. They were replaced by diverse, crafty, swift, omnivorous and unspecialized mammals. Organizations, too, ignore at their peril the usefulness of internal diversity.

It will take continued attitudinal change throughout the system, rather than magic bullets from the center, to fully realize representational goals. We therefore refrain from numerical targetting, with the sole exception of the university recruitment pools, preferring instead to focus on processes that are likely to move the system in the right direction.

In this regard, one of the most important reforms of PS 2000 is the great simplification of the baroque job classification system being recommended by the Task Force on Classification. Breaking down walls improves mobility and attacks (female especially) ghettoization. It is a crucial reform.

Most of the things that need to be done with respect to employment equity are at the department or branch level. There are no systematic constraints to better performance. Still, there are some positive measures that could be improved or undertaken anew.

Career counselling in the Public Service is inadequate. It requires highly developed skills and sensitivity and it must be integrated with the staffing function.

(11) **It is recommended that a fully professional career counselling service be set up within the Public Service Commission which will:**

- a) **identify to management appropriate candidates for specific competitions and developmental assignments;**

b) **assist individuals to set realistic career objectives and establish a personal development plan; and**

c) **be made available to all employees in the Public Service with priority attention being given to affirmative action target groups at officer entry levels and at the feeder levels into the Management Category.**

Most people who rise rapidly in large organizations have had the benefit of mentors: senior people who get to know the individual through work situations and who expand the relationship through providing career advice, information on how the system really works, and developmental opportunities. Many women feel cut off from this informal system, this "old-boys' network," just when they feel that marginality and competing social roles make such counsel all the more crucial. Now, the Canada Centre for Management Development has a reputation as a shining new beacon on the upward path, and a mandate to develop the future leaders of the Public Service.

(12) **We recommend that CCMD establish, on an experimental basis, an inventory of Executives -- not all of them women -- willing to spend an hour or two a week counselling career women**. While this cannot be a substitute for the mentoring relation that arises out of working together, there is a feeling among many women that the sources of good personal advice need to be sharply increased.

(13) An intensive assessment of an officer's strengths and weaknesses by an objective third party can be exceptionally useful in career planning. For example, the assessment done of candidates for the Career Assignment Program is sometimes said to be more useful than all the subsequent steps in the program. **We recommend that an assessment centre program be available once, at the employee's discresion, to all career employees with at least seven years' experience. Assessment centers should be chosen not on the basis of whether they are in the private or public sectors, but rather on whether they deal effectively with adaptiveness in an overall program of high repute.**

The generally smaller number of steps in the new classification system, together with the current age structure of the Service, mean that promotions will be less frequent, and correspondingly lateral movement more important, in providing new and varied challenges. We agree with the recommendations of the Staffing Task Force in regard to lateral movements: grievable deployment by the employer within the same commuting region, and active assignment offices at departmental and system levels to match employees seeking deployments with managers looking for employees.

This would be consistent with a limited move toward appointment to level. We join the Staffing Task Force in recommending that the PSEA be amended to allow, but not require, appointment to level below the Executive category. It would also be consistent with job rotation and career enhancement schemes at the departmental level.

* * *

The costs of mobility, especially for two-career families and families with offspring in local colleges, are not fully reimbursed. The informal system does not, as a rule, deal badly with these cases nor with other kinds of episodic (or episodically immobile) careers, but these phenomena will become more common.

(14) **We do not recommend variable reimbursement based on regional differentials in costs of housing**. While it is true that Toronto and Vancouver are currently expensive, the differential is largely in housing costs. When employees buy their own housing, the private benefits rise with the private costs. It is the future rate of change of housing prices that makes the difference: an employee entering a rising market does well, but one entering a static or declining market faces a relative penalty. Given the long time periods over which these income effects take place, it would be very difficult to design a system which one could be certain would be less inequitable than the present. From the point of view of the Service as a whole, it is fortunate that the differentials always seem to arise in large metropolitan areas, so that local recruitment is generally an alternative to moving in a public servant from elsewhere.

(15) Nevertheless in the context of a running cost world, **Treasury Board should delegate to deputy heads the latitude to make one-time top-ups of normal reimbursements in individual cases.** This is not meant to deal with the problem of uncompetitive pay rates for certain job classifications, which remains a general responsibility of Treasury Board as employer.

* * *

Jobs markets work best when irrigated with lots of information. Unhappily it is the rare Multi-Year Human Resource Plan that goes beyond short-term projections of employment equity targets to actually engage in human resource planning. Basic to real planning in any large organization is the statistical projection of vacancies in the evolving organization over several years. This requires management to have a rolling model of what competencies, in what quantities, it will need for several years into the future, and requires the personnel specialists to forecast retirements, promotions, departures, and deaths. The difference between the two is the field of opportunity for present employees seeking new challenges, and for managements to reshape the organization through planned recruitment and staff development.

(16) **We recommend that large departments, and TBS on behalf of the whole Public Service, annually publish reports showing the number of jobs by category and level expected to open up for each of the next five years**. These would be statistical projections, and aggregations of small categories would be expected.

* * *

Continuous learning is the leitmotif of the adaptive organization. For the Public Service this means renewed attention to staff training and development, in all the ways that occurs.

Much of the problem is attitudinal. At DIAND, one slogan in general use by senior management is "Everyone a student, everyone a teacher." This means that every single employee has some unique piece of mission-relevant information and an obligation to share it, and that every single person has a positive obligation to learn something new every day. A week that passes without some memorable epiphany is a lost week. It also means that one of the classic bureaucratic styles -- hoarding information to ensure job security through monopolization -- will be an unrewarding behaviour.

A Task Force on Training and Development has just been named. The total recorded cost for training and development for all agencies under section 1.1 of the PSSRA for 1984-85 was $274 million. This covered all operating costs, including the salaries of trainees, for all purposes except language training. Of this total, less than 1/3 went for staff development, as opposed to strictly job-related training. Training, especially for technically demanding jobs that have few analogues in the private sector, will continue to increase in importance. However, the investment in development, a key to adaptiveness, is clearly inadequate. We have four general recommendations for the new Task Force:

(17) **The Task Force on Training and Development should consider recommendations that would increase the emphasis on development in a generally increasing overall investment.**

(18) **The present distinction in the incidence of costs between training and development should be lessened so that more of the total cost of development is borne by the employer.** Both are routes to adaptiveness, and developmental experiences should be encouraged rather than restricted.

(19) Access to **developmental** opportunities is a cornerstone of employment equity, which means that **preferential access should be given on the basis of the employee's adaptiveness and future value to the Public Service**, as opposed to specific work experience.

(20) **All training curricula for supervisors and managers should include training on how to operate effectively in a Service that rejoices in multiple cultures and values equal opportunity.**

Empowerment

Empowerment is a central theme in all adaptive organizations. With recent reforms at TBS and the common service organizations, most of the remaining action is at the level of the department. The system no longer strongly constrains good sense, though there are areas where some creative rule destruction could yet occur. For example:

(21) **Requiring deputy ministers to sign WFA cash-out forms, or to personally petition the Secretary of the Treasury Board for a waiver of pension reduction** for surplus employees over 55 and with more than 20 years' service adds no value, only wastes time, and **should cease**.

(22) No single thing more annoys front-line employees than the time and paperwork required to access tools. **DSS should have the mandate, resources and incentive to move to a completely paper-free system for routine purchases, so that any officer with delegated authority in a department can draw electronically on stocked items and standing orders at a dramatically lower service charge and delivery time.**

(23) **There should be no mass, system-wide approach to delayering, or to dispensing with the services of many of the present SM-EX category**. It is too expensive, tends to encourage the wrong people to leave, ignores the widely varying realities departments face, and on past experience would not even result in a more representative cadre afterwards.

(24) Instead, **delayering should be seen as a consequence of decentralization and empowerment**. It must be done at the department or branch level. It should not be the most urgent priority in 1991 and 1992, because swallowing all the other reforms of PS 2000 should take precedence. For senior managers who are moving to decentralize, the key thing will be to catch and redeploy the newly redundant before they invent new and more damaging busy work.

Incentives

The most effective incentive for employees is the nature of the work to be done. Employees should be engaged in useful and challenging tasks which demonstrate their value to the organization and support their sense of self-esteem.

For this they should be paid at rates comparable to private sector norms. We fully support the three-pronged approach to compensation and benefits recommended by the task force on the subject. We specifically support their recommendations for changes to the PSSA and its management regimes which would more fully take into account the growing desire for episodic careers -- careers which allow time off or part-time work for family responsibilities, sabbaticals, travel, volunteer or community work, career wind-downs, and the like.

(25) **Part-time indeterminate workers should be able to contribute to a pension account, and accumulate years of service, in proportion to their time on the job.**

(26) **Employees returning from leave without pay should be able to elect longer superannuation payback periods, while being responsible for the time value of money, or to elect to forego both payment and benefit.**

(27) **Career wind-downs should be possible without pension penalty.** For example, a person of 63 should be able to accept two years of half-time work and have the total salary for that period count as one of the best six years for pension calculations, or alternatively, accept a less demanding and lower-paid position for a period before retirement without pension penalty -- perhaps by having the employer top up the account. Such arrangements would be subject to operational requirements, but would offer benefits in terms of flexibility to the employer, and would make particular sense in a running cost regime.

(28) From time to time a specially valued employee accumulates the necessary age and service to render further effort in the Public Service truly a labour of love. To overcome the financial incentive to inopportune departures, **we recommend that at the discretion of the employer, either (a) the maximum entitlement of 70 percent of the best six years' salary be increased up to 80 percent, with the employee still paying into the fund as before, or (b) the employer have discretion to offer a separate contributory pension.**

(29) In a world of running costs and performance pay, collective bargaining needs to take better account of the unique circumstances of departments so that employees can share directly in the gains to the whole community that come from increased productivity. **The collective bargaining process should allow for supplements to the agreements to be worked out between major bargaining rounds to cover particular productivity schemes.**

Bread is important, but so is jam. Honour and recognition are critically important motivators and have an expanded place in modern organizations. Effective recognition and reward programs require that departments have the flexibility to design schemes matching their missions and which permit managers to provide timely and individualized rewards.

(30) **We recommend that the awards policy incorporated in the Treasury Board's Incentive Award Plan** (Chapter 365 of the Administrative Policy Manual) **be revised to provide deputy heads with discretion to establish recognition and reward programs tailored to their departments. Operational restrictions and award criteria currently included in the Incentive Award Policy should be eliminated.** Departments would, however, be expected to operate their programs within the general Treasury Board policy whereby such programs are "to provide recognition to persons employed in the Public Service for outstanding performance of their duties, for other meritorious contributions in relation to their duties, and for practical suggestions for improvements." To this we would only add, "... and for outstanding service to the public."

Finally -- and it seems odd to have to say it in this age of heightened concern for personal and environmental health -- there needs to be a comprehensive review of facility standards and management. Sick buildings and stale air are far too common, especially in buildings constructed after the 1973 oil crisis, when standards went from energy-extravagant to niggardly. Fresh air and cooling declined just as the addition of office machinery was dramatically raising heat loads. One employee told us that the plants in her office get better care than she does. "At least they get watered, washed and debugged every week! And I can't even turn the lights on or off."

(31) Sick buildings mean sick employees. **We recommend that the Bureau of Real Property Management and the Department of Public Works undertake as a matter of urgency a comprehensive reassessment of their standards for materials, air, heat and lighting in federal buildings, and that they take the healthiest and most effective private sector examples as the norm for new buildings and the model for retrofitting existing ones**. In so doing they should take account of the fact that the ability to affect one's own space is an important element of employee empowerment. Task lighting, windows that open and a modicum of privacy are all important in organizations that value productivity.

Resources

> "You ask for a duck. Treasury Board gives you a plucked chicken, with full accountability to make it fly."

Of all the recommendations flowing in to PS 2000, only a few are of first-order importance. Among these very few is the concept of switching away from our present patchwork of free, fungible, and infinitely priced resources to one based on **running costs**. Efficiency is only accidentally and irrationally possible without it. The idea is fundamental to many specific reforms elsewhere, from investing in training to allocating the cost of mismanagement in a visible and accountable way.

In a running cost world, there is no need for arbitrary limits on the size of the Executive category. We strongly support the recommendation of the Management Category Task Force in this regard. Under present rules, departments can wind up with many more legitimately classified management category positions than they are allowed complements to fill them. It has long been known that this is a natural consequence of growing workload or span of departmental responsibility. What has not been widely appreciated is that decentralization and delayering can work to increase the number of management level jobs. Take for example a department with eight regional offices and a certain function being done by PM-6s in the field, tightly controlled by an EX-2 in headquarters. Decentralizing the function puts, say, half the PM-6s over the magic 835 Hay point mark and eliminates the EX-2. The net result: lower total salary costs, one position eliminated, one layer gone -- and, net, three new members of the management category.

The following two recommendations are offered as a poor second best, in the event the much better recommendation of the Management Category Task Force is not accepted.

(32) **When a redistribution of Hay points during decentralization increases the number of Executive category positions, TBS should be prepared to adjust the complement.**

(33) **More generally, the Executive complement should automatically be adjusted to match the number of jobs classified at the level, plus the normal flex.**

(34) Adjusting the Hay system to the circumstances of the federal Public Service seems to have overvalued staff vs. line jobs, with the result that the more highly classified jobs are in the NCR vs. the regions, and in the central agencies vs. the line departments. This needs objective examination, discussion, and (probably) correction. **We applaud the commitment of the Personnel Policy Branch to bring the results of the necessary studies to TBSAC this fall.**

(35) **The advent of a new classification system provides a unique opportunity to do away with rules**, like "a PM-3 cannot report to a PM-4" and "only PM-3 level people can compete for PM-4 jobs," **which make nonsense out of departmental career ladders.**

From the point of view of adaptability, deputy ministers need to put discretionary resources in the hands of their best people, regardless of seniority or rank. These resources include money, people, space, equipment, recognition, even promotion. And those people ought to be tasked with the most difficult and urgent problems.

Appraisals

The basic function of the Performance Review and Appraisal process is to provide the employee with feedback on how well the tasks of the last period were accomplished, to recognize and strengthen those behaviours that lead to high effectiveness, and to provide counsel about those that could stand some improvement. Where performance pay or other specific rewards are involved, a grading system is necessarily involved.

Now that the PREA process has been delegated to departments, little remains to be done at the system level. The Task Force on Training and Development may wish to consider the following:

(36) **The roles and reasonable expectations of both parties in the PREA process should be made clear during orientation programs for new employees.**

(37) **Core coursework for supervisors and managers should include PREA skills.**

There is, however, one rather far-reaching recommendation which we would like to make:

(38) **For all members of the Executive Category, and starting with deputy ministers, the views of subordinates on the quality of leadership supplied over the appraisal period should be taken into account by those responsible for the evaluation.**

The views of subordinates should not be the only input into appraisals of managers, nor necessarily the dominant ones -- especially for deputy ministers, with their multiple accountabilities. Still, if improving the quality of management, especially the human side of it, is the sine qua non of PS 2000, the people best placed to comment are those who experience it.

This can be a frightening process, which is why it should begin with deputy ministers. But experience in numerous private and public sector organizations indicates that the use of a neutral third party can preserve candour and preclude retribution. At AECL, for example, the third party report is the subject of a discussion between appraiser and subordinates, which often leads to a new level of understanding and a plan of action. In some companies the report never goes beyond the person being appraised. We believe it should: only then can the superior spot and correct problems, and know in some detail and certainty the array of talents available for dealing with the next challenge.

Dealing with Poor Performers

One of the most perplexing problems for public service managers is the successful management of unsatisfactory employees. Unsatisfactory performance disrupts the organization, has significant negative influence on co-workers and consumes an inordinate amount of managerial time and resources. In the majority of instances, managers now possess the necessary authorities to act and require only the encouragement to do so. Often the employee can be stimulated to improve performance. Motivational techniques include the establishment of goals, job enrichment, immediate performance feedback, rewards or tangible incentives, and using counselling or even assessment centre services.

Public Service managers are neither properly trained nor motivated to utilize the tools they have at hand.

(39) **Supervisors should be trained in the proper use of probationary periods, coaching, interviewing in sensitive situations, identification of performance deficiencies and techniques for handling problem employees.**

There is a particular problem in the minority of disciplinary cases where remedial measures are unsuccessful and termination of employment is sought.

Termination for misconduct is both rare and relatively well understood. There is a body of law and arbitral decisions which offers reasonably precise guidance. It is the grayer areas of incompetence, incapacity, abandonment, sloth, and persistent poor performance that bedevil the system. Nothing is more vexing to hard-working and dedicated employees than having to do the work of a shirker or an incompetent. In a world where teamwork is key, all members have to pull their weight or the morale of the whole team suffers.

Managers accept that the decision to terminate employment is a grave one, to be taken after sustained attempts to improve persistently unsatisfactory performance have proved fruitless. Moreover there is acceptance that all the steps leading up to discharge must be carefully documented, since the employee is owed an avenue for redress in the case of unjust dismissal. What is less than satisfactory is the present multiplicity of appeal routes and the time it can take to produce finality.

These observations lead to the following recommendations:

(40) **Section 31 of the Public Service Employment Act be deleted and all causes for termination, excepting only rejection on probation and political interference which should remain under the Public Service Employment Act, should come under the Financial Administration Act.**

(41) **For any FAA discharge, there should be a single redress procedure specified under the Public Service Staff Relations Act**. Nothing in that procedure should derogate from the rights of an individual under the Canadian Human Rights Act.

(42) The expeditious settlement of disputes is in the best interest of all parties. **Parties are encouraged to utilize more fully the existing authority under the PSSRA to employ private arbitrators. In those instances of termination for cause, a time limit should be included in the PSSRA, perhaps along the lines of the Ontario Labour Relations Act, Section 45.**

(43) There is a conflict between the PSEA, which gives PSC the exclusive authority to appoint, and the PSSRA, which gives an arbitrator the power to reinstate -- that is, to also make appointments. This should be resolved in favour of the PSSRA arbitrator. **Where reappointment to the Public Service is deemed appropriate by an arbitrator, the arbitrator should have the authority either to reinstate to the original job or to grant priority for appointment to an equivalent position.**

(44) **Deputy Ministers should have authority to negotiate cash settlements to avoid formal termination and redress proceedings.**

FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON COMPENSATION AND BENEFITS

July 1990

FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON COMPENSATION AND BENEFITS

EXECUTIVE SUMMARY

July 1990

1. MANDATE

The mandate of the Public Service 2000 Task Force on Compensation and Benefits is to establish a set of principles to guide the development of a modern compensation, benefit and rewards system for the Federal Public Service.

2. BACKGROUND

Major changes in demographics and changing employee needs and values, along with continuing competitive, economic, technological and legislative pressures on employers, has forced a re-examination of the traditional employer-employee relationships and contract. Modern employers in the private sector are currently reviewing their compensation and benefit packages to reduce costs and to ensure that they are "competitive employers"; i.e. able to compete for the best employees, while maintaining a competitive edge in a highly competitive global economy.

The federal government, as an employer, has not escaped these pressures. It also is living through a period of fundamental and rapid change; it also must review its management practices and organizational structures if it is to maintain and improve its effectiveness. The Public Service 2000 Initiative recognizes this reality and is prompting:

- a re-evaluation of the traditional management of human resources,
- a re-thinking of the strategic role of compensation and benefits, and
- a fresh focus on new and innovative methods to recognize and reward employees.

It is within these boundaries that the Task Force on Compensation and Benefits tackled the challenge.

3. CONCLUSIONS

The ***current*** Public Service approach to compensation and benefits is highly uniform, centralized and rigidly controlled. Such an approach:

- tends to treat all employees (exceptional and mediocre) alike, therefore it cannot be utilized in any *strategic manner as a management tool* to influence the effectiveness of the Public Service. It makes little attempt to recognize or reward exceptional efforts, initiatives or accomplishments, nor does it provide disincentives for poor performance;

- provides limited flexibility to individual employees in choosing benefits in a manner best-suited to their particular needs; and
- is not designed to respond to specific departmental needs, values and goals. For example, it does not have the *flexibility* to adequately cope with difficulties in areas such as recruitment and retention of specialists, special markets (locations), geographical redeployment and, the changing benefit interests of individual employees.

As a result, the current Public Service approach to compensation and benefits fails to instill in employees or in managers a sense of partnership with the goals, objectives and values of a department or of the Government.

The Task Force believes that the ***modern*** Public Service should have a flexible and comprehensive approach to basic compensation, benefits and performance-based rewards. This approach should be *managed strategically* to provide:

- individual employees or groups of employees with recognition and reward for their special contributions or efforts, and choice over their benefit package.
- departmental management with some strategic tools designed to enhance performance levels of employees and consequently over the effectiveness of the Public Service;
- organizations with the flexibility to cope with difficulties in areas such as special recruitment and retention, and geographical redeployment.

Overall, a *modern* Public Service compensation and benefits system would provide a strategic management tool to: attract the best available recruits, motivate employees to achieve their full potential, and retain competent employees.

4. RECOMMENDATIONS

The ***challenge*** for the Federal Public Service in the 1990s will be to develop compensation packages that ensure operational effectiveness and meet the divergent needs of the workforce. To accomplish this task and meet the challenge, the Federal Public Service will need to strategically choose, plan and manage remuneration from a gamut of pay plans, benefits, bonuses, incentives, and recognition and reward programs.

The Task Force on Compensation and Benefits thus recommends that the contribution of compensation and benefits to successfully meeting the ***human resources challenge*** lies in:

> **the adoption of a "strategic rewards management approach" designed to motivate employees to achieve their full potential and a high level of performance through performance-linked awards and rewards.**

The report of the Task Force on Compensation and Benefits further recommends principles and goals for the "strategic reward management approach" and proposes a comprehensive "Reward System" structured on three components:

- core remuneration (basic compensation and benefits),
- flexible benefits, and
- awards and rewards:
- incentive and recognition awards,
- productivity gainsharing rewards, and
- performance rewards.

The Task Force on Compensation and Benefits also recommends

- corporate changes and improvements to address:
- balancing worklife and family responsibilities,
- mobility,
- departmental flexibility to respond to special recruitment and retention issues,
- sick leave credits,
- separation pay, and
- legislative changes to the Public Service Superannuation Act to deal with part-time employment and leave without pay.

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Note Bene: The Annexes are available from Transport Canada, Office of the Deputy Minister. Please telephone (613) 990-7127 or fax (613) 991-0851 your request for the Annexes.

ACKNOWLEDGEMENT

The members of the Public Service 2000 Task Force on Compensation and Benefits would like to thank the many Public Service employees from across the country who took time to write and express their views and experiences and, more importantly, offer suggestions for improvement.

Special appreciation to Supply and Services Canada employees, who under the direction of Georgina Wyman and of Jill Stern, prepared and presented to the Task Force a report on "Balancing Worklife and Family Responsibilities". Also, appreciation to Andre Desjardins of the Treasury Board Secretariat for contributions to the section on recognition awards, to Len Slivinski and Linda Grauer, Public Service Commission, and Inez Clark, Treasury Board Secretariat, for the section on performance rewards.

Appreciation is conveyed to the leaders and members of the other Task Forces who attended our meetings and shared information on their activities. Also, appreciation to the Public Service 2000 team who, under the management of John Edwards, provided impetus to our discussions, and a flavour as to the tone and direction of the overall Public Service 2000 Initiative.

Special thanks are also due to the many behind the scene public service employees who, within their respective departments, supported the research work and efforts of the individual members of the Task Force. In particular, the expertise of Cliff Cullen, Transport Canada in such areas as pay, benefits, pensions and leave entitlements and, the administrative support provided by June Johnston and Lise Charbonneau, Transport Canada, to the smooth operations of the Task Force were greatly and sincerely appreciated.

The Task Force wishes to extend a special note of gratitude and appreciation to Sylvie Lauzon of Transport Canada and her staff. Her contribution to the organization and work of the Task Force, and to the production of this Report, has been central and enormous.

FOREWORD

Accepting the responsibility to chair the Public Service 2000 Task Force on Compensation and Benefits has been, without a doubt, a time-consuming yet dynamic challenge.

The challenge to modernize the Public Service to respond to the needs of the changing Canadian society and environment was made easier by the efforts and dedication of the members of the Task Force:

- Ivan P. Fellegi, Statistics Canada;
- Peter B. Lesaux, Atlantic Canada Opportunities Agency;
- Georgina Wyman, Supply and Services Canada;
- John D. McLure, National Defence;
- Shirley Serafini, Multiculturalism and Citizenship Canada;
- Lynne Pearson, Public Service Commission of Canada;
- Dr. J.J. Whiting, Canadian International Development Agency;
- Dennis Wallace, Western Economic Diversification Canada (Winnipeg);
- Don Love, Treasury Board Secretariat;
- Alan Ross, Supply and Services Canada;
- Pat McLaughlin, Statistics Canada;
- Rhoda Barrett, Transport Canada;
- Sylvie Lauzon, Transport Canada; and
- Cliff Cullen, Transport Canada.

The members of the Task Force readily and earnestly embraced in early December 1989 the goals of Public Service 2000, i.e. to foster a Public Service that:

- is professional, highly qualified, non-partisan and imbued with a mission of service to the public;

- recognizes its employees as assets to be valued and developed;

- places as much authority as possible in the hands of front-line employees and managers; and

- provides scope for different organizational forms to meet differing needs, but in the context of single Public Service.

This report is the result of the dedication and commitment of Task Force members.

Glen Shortliffe
Task Force Leader

MANDATE

The mandate of the Public Service 2000 Task Force on Compensation and Benefits is to:

> **establish a set of principles to guide the development of a modern compensation, benefits and rewards system for the Federal Public Service.**

1. INTRODUCTION

1.1 BACKGROUND

Major changes in demographics and changing employee needs and values, along with continuing competitive, economic, technological and legislative pressures on employers, has forced a re-examination of the traditional employer-employee relationships and contract. Modern employers in the private sector are currently reviewing their compensation and benefit packages to reduce costs and to ensure that they are "competitive employers"; i.e. able to compete for the best employees, while maintaining a competitive edge in a highly competitive global economy.

The federal government, as an employer, has not escaped these pressures. It also is living through a period of fundamental and rapid change; it also must review its management practices and organizational structures if it is to maintain and improve its effectiveness. The Public Service 2000 Initiative recognizes this reality and is prompting:

- a re-evaluation of the traditional management of human resources,
- a re-thinking of the strategic role of compensation and benefits, and
- a fresh focus on new and innovative methods to recognize and reward employees.

It is within these boundaries that the Task Force on Compensation and Benefits tackled the challenge.

1.2 ACTIVITIES OF THE TASK FORCE

Since the Prime Minister launched Public Service 2000 on December 12, 1989, the Task Force has held 18 plenary meetings and many sub-committee meetings, commissioned and received a report from the Conference Board of Canada on compensation and benefits in the private sector, met with researchers of the Conference Board and with representatives of Public Service unions, and discussed performance-pay plans and incentive/suggestion award programs with IBM (Canada) and cafeteria-type benefits with Cominco. A telephone survey of some 400 Public Service employees was conducted by EKOS Research to gauge the relative importance placed on benefits and the interest for a cafeteria approach.

The Task Force also met with representatives of the Task Forces on Staff Relations; Staffing; Management Category; and on Occupational and Classification Structure to ensure interlinking and meshing of conclusions and recommendations.

1.3 ABOUT THIS REPORT

During the course of its deliberations, the Task Force realized that a modern compensation and benefits system entailed much more than the dollars and cents paid to employees for services rendered. It should also encompass the monetary and non-monetary awards and rewards at the disposal of an employer, address the para-compensation and benefits issues such as family related programs and relocation assistance, and include a fresh view as to "how" the Public Service should administer remuneration.

The Task Force also considers that this report is part of an on going process. Members are of the view that their work will not be completed with the tabling of their report but rather with the implementation of a modern approach to compensation and benefits.

To this end, the Task Force members will be available over the coming months to work with Central Agencies and experts to design a modern system and, more importantly, to meet with employees and with union officials to discuss their conclusions and recommendations.

2. COMPENSATION AND BENEFITS

2.1 DEFINITIONS

The traditional definition given to "Compensation" is "any form of payment provided to employees in exchange for the work performed for their employer".

Specifically, "compensation" includes wages, salaries, overtime pay, commissions and bonuses.

Employees are also compensated for their efforts through the provision of "benefits", such as pensions, vacation, insurance, other types of leave, dental plans and so on.

2.2 ROLE OF COMPENSATION AND BENEFITS

Whether it be in the private sector or in the public sector, the principal objective of a compensation and benefits package is to further organizational effectiveness. This is achieved by:

- attracting qualified recruits: a compensation and benefits package that is valued more highly than one offered by a competitor can attract more qualified applicants (other things being equal).
- motivating employees: recognition of performance through compensation, benefits and rewards can motivate employees and lead to higher performance and productivity.
- retaining competent employees: keeping pay and benefits competitive (ensuring external equity) and maintaining internal fairness (internal equity) are major factors in employee retention.

In addition, benefits can lead to greater organizational effectiveness by enhancing an organization's ability to be a caring employer.

In meeting these goals, an organization's compensation and benefits system must also operate within the constraints of sound financial management and legal requirements.

2.3 THE CHANGING COMPENSATION AND BENEFITS ENVIRONMENT

In recent years, the fundamental goals of attracting, motivating and retaining employees have become increasingly difficult to accomplish. The current experiences of some federal government departments in attracting and retaining employees in the greater Toronto area is a case in point.

Conference Board of Canada* research reveals that a market shift in compensation directions and practices is taking place in Canada. Highlights of these changes are:

- more organizations are using variable compensation: linked to performance and extended throughout the organization;
- greater percentage of total compensation being made variable;
- greater use of award and reward vehicles, such as suggestion plans, gainsharing, profit-sharing, stock options, special achievement awards and recognition programs to encourage employee involvement;
- more emphasis on creating a blend of individual, team and system wide incentives and rewards needed to drive and support strategic corporate objectives;
- more specialized plans for different organizational units, particularly as firms enter into new markets and develop new products and client groups; and
- introduction of alternative methods of paying people, such as pay-for-knowledge or skill-based pay.

The Conference Board of Canada also indicates that compensation planning in general, has not yet become an integral part of the strategic planning process in most organizations and few have used rewards proactively at the strategic level.

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* Conference Board of Canada research involves only the private sector and mainly non-unionized environments.

However, there is ample evidence of a shift, albeit cautious, towards a variable or performance-linked compensation approach; Canadian organizations are increasingly aware that a strategically-designed compensation system can help organizations attract, motivate and retain highly-valued people.

2.4 COMPENSATION AND BENEFITS IN THE PRIVATE SECTOR

Current Philosophy

The general philosophy underlining compensation and benefits in the private sector is to facilitate employees' reaching their full potential, thereby also maximizing, in a highly competitive environment, their contribution to the profitability and survival of the organization.

Key Features and Principles

In its report to the Task Force on Compensation and Benefits, the Conference Board of Canada noted that, in the private sector, more and more employers center their compensation and benefits approach on seven key features and principles:

- an organization's compensation and benefits system must complement its overall value system or corporate culture, if it is to be effective and strategically useful;
- flexibility in an organization's cash compensation is mandatory in a fast changing competitive business environment;
- a centralized compensation approach (one single compensation package for all employees) is incongruent with the idea of greater employee involvement and the goal of tying compensation and benefits to a business strategy;
- pay should be related to performance and support high performance levels;

- maintaining external market equity is important for attracting and retaining employees, but ability to control costs must dominate;

- internal equity should be promoted by ensuring pay equity between jobs and giving lower level employees opportunities to earn additional compensation;

- a benefits package should reflect the changing needs of a diverse workforce by offering choices to employees.

2.5 COMPENSATION AND BENEFITS IN THE FEDERAL PUBLIC SERVICE

Current Philosophy

The Public Service has two compensation policies: one for employees represented by a union, the other for employees in the Management Category and other excluded groups. Both policies are essentially based on the premise that compensation and benefits for public servants are to be comparable to, but should not lead, those of employees in the private sector who do similar work.

Key Features and Principles

The compensation policy for collective bargaining (Annex 1) in the Federal Public Service has been based for many years on the following principles:

- total compensation comparisons with the private sector shall take into consideration factors such as job security, pensions, hours of work and other benefits;

- federal public service compensation should be sufficient to recruit and retain qualified employees, and be determined so that appropriate compensation relationships are maintained among Public Service occupations;

- most federal public service employees have the right to participate in the determination of their compensation and particular conditions of employment through responsible collective bargaining; and

- federal compensation settlements will contribute to reducing inflation and be fiscally responsible.

The compensation policy for the Management Category (Annex 2) is generally based on the concept of aggregate comparability with the average of other sectors of the economy for the first two levels, SM and EX-1. A system of salary differentials is calculated for the remaining executive and Deputy Minister (DM) levels.

This policy was approved by the Governor-in-Council and subsequently authorized by the Treasury Board. The underlying purpose was to ensure that SM and EX-1 managers received compensation comparable to the private sector, and at the same time to put in place a system of salary differentials to increase compensation as responsibility and accountability grew.

Compensation for excluded employees outside the Management Category is determined by granting the same level of compensation awarded through collective bargaining for unionized employees. Excluded employees may also opt for additional insurance, and senior level excluded employees are subject to a performance pay plan.

2.6 CONCLUSIONS

As a result of its deliberations, the Task Force on Compensation and Benefits has reached the following conclusions:

The current Public Service approach to compensation and benefit is highly uniform, centralized and rigidly controlled. Such an approach:

- tends to treat all employees (exceptional and mediocre) alike, therefore it cannot be utilized in any strategic manner as a management tool to influence the effectiveness of the Public Service. It makes little attempt to recognize or reward exceptional efforts, initiatives or accomplishments, nor does it provide disincentives for poor performance;

- provides limited flexibility to individual employees in choosing benefits in a manner best-suited to their particular needs; and
- is not designed to respond to specific departmental needs, values and goals. For example, it does not have the flexibility to adequately cope with difficulties in areas such as recruitment and retention of specialists, special markets (locations), geographical redeployment and, the changing benefit interests of individual employees.

As a result, the current Public Service approach to compensation and benefits fails to instill in employees or in managers a sense of partnership with the goals, objectives and values of a department or of the Government.

The Task Force believes that the modern Public Service should have a flexible and comprehensive approach to basic compensation, benefits and performance-based rewards. This approach should be managed strategically to provide:

- individual employees or groups of employees with recognition and reward for their special contributions or efforts, and choice over their benefit package.
- departmental management with some strategic tools designed to enhance performance levels of employees and consequently over the effectiveness of the Public Service;
- organizations with the flexibility to cope with difficulties in areas such as special recruitment and retention, and geographical redeployment.

Overall, a modern Public Service compensation and benefits system would provide a strategic management tool to: attract the best available recruits, motivate employees to achieve their full potential, and retain competent employees.

3. STRATEGIC REWARDS MANAGEMENT

3.1 THE CHALLENGE

To ensure effective delivery of Government objectives, programs and services in the context of continuing fiscal restraint, the Federal Public Service must meet the needs of a changing workforce, create a motivating work environment, improve employee morale and productivity, and strive to be considered a "competitive employer".

The challenge for the Federal Public Service in the 1990s will be to develop compensation packages that ensure operational effectiveness and meet the divergent needs of the workforce. To accomplish this task and meet the challenge, the Federal Public Service will need to strategically choose, plan and manage remuneration from a gamut of pay plans, benefits, bonuses, incentives, and recognition and reward programs.

The Task Force on Compensation and Benefits thus concludes that the contribution of compensation and benefits to successfully meeting the human resources challenge lies in the introduction of a strategic approach.

RECOMMENDATION I

The Task Force on Compensation and Benefits recommends the adoption of a "strategic rewards management approach" designed to motivate employees to achieve their full potential and a high level of performance through performance-linked awards and rewards.

RECOMMENDATION II

The underpinning principles of the "strategic rewards management approach" are:

- **equal pay for work of equal value;**

- competitive levels of basic compensation and benefits to attract and retain the best and the brightest;
- performance rewards to assist departmental management in promoting high performance levels among employees;
- award and reward vehicles to ensure that individual employees are recognized for their contributions to the goals of the organization;
- flexibility to assist departmental management in meeting needs, values and objectives;
- flexibility for individual employees to facilitate balancing of work and family responsibilities, and
- quality of work life conducive to productivity and job satisfaction.

RECOMMENDATION III

The goals of the "strategic rewards management approach" are to:

- further organizational effectiveness by attracting qualified recruits and retaining competent employees;
- encourage and promote employee commitment and involvement, and help focus employees on key governmental and departmental objectives; and
- offer flexibility to departmental management and to individual employees.

RECOMMENDATION IV

The cornerstone of the "strategic reward management approach" is:

a comprehensive and larger "Reward System" structured on three components

- **core remuneration (basic compensation and benefits),**
- **flexible benefits, and**
- **awards and rewards:**
    - **incentive and recognition awards,**
    - **productivity gainsharing rewards, and**
    - **performance rewards.**

3.2 THE REWARD SYSTEM

The three components of the "Reward System" are described in the following sections:

3.2.1 CORE REMUNERATION (basic compensation and benefits)

Discussion

Whether in the Management Category, in excluded groups or in represented groups, employees are entitled to a fair level of basic compensation and benefits for work performed, irrespective of the geographic location of the work performed. Core remuneration would be based on the level of compensation and benefits required to attract and retain the quality of employees required to meet the objectives of the Government.

Determination of the core would be based on comparisons with other organizations (external equity) and on internal comparisons between occupational groups within the Public Service.

Core remuneration would be non-discretionary in that Deputy Heads would play no part in the determination of the core. For excluded employees and those of the Management Cagetory, determination of the core, and economic adjustments to the core, would be by the Government, e.g. Burns Committee. For unionized employees, the core, and economic adjustments to the core, would be determined via collective bargaining.

Core Remuneration should include "Core Compensation" and "Core Benefits".

"Core Compensation" may include: basic rate of pay and basic pay supplements (such as shift premium and call-back pay). Should the Public Service 2000 Initiative lead to fewer occupational groups and levels and to broader pay bands, the Task Force concludes that, for employees outside the Management Category, "Core Compensation" should retain the lock-step system, but with a larger number of smaller annual increments to the maximum of the group and level. In addition to the annual increments provided by the lock-step system, employees would be eligible for a percentage of the annually-earned performance reward being applied to their basic or core compensation (refer to section 4.3).

"Core Benefits" may include: annual leave (2 weeks); statutory holidays; allowances and premiums; basic insured benefits such as medical and hospital coverage; pensions; life insurance; and short-term disability/family-related leave.

The Pay Research Bureau, a component of the Public Service Staff Relations Board would continue to play its impartial compensation research role for obtaining information on rates of pay and conditions of employment prevailing inside and outside the Public Service.

RECOMMENDATION V

The first component of the Reward System is: "Core remuneration" for all employees, i.e. a basic, fair and competitive level of compensation and benefits to compensate for work performed, irrespective of the

geographic or regional location of the work performed.

RECOMMENDATION VI

The Task Force on Compensation and Benefits recommends that:

- **the bargainable aspects of "Core remuneration" and economic adjustments to the core for represented employees be determined via collective bargaining; and**
- **"Core remuneration" for unrepresented employees be determined by the government.**

RECOMMENDATION VII

The Task Force on Compensation and Benefits recommends for represented employees, should the Public Service 2000 Initiative lead to fewer occupational groups and levels and to broader pay bands, that the current number of lock-steps be reviewed with a view to introducing a larger number of smaller annual increments to the maximum of the group and level.

3.2.2 FLEXIBLE BENEFITS

Discussion

"Menu" or "cafeteria" benefits provide for a flexible system which allows employees to choose certain benefits depending on their individual circumstances.

As part of its research into cafeteria or flexible benefits, the Task Force on Compensation and Benefits commissioned EKOS Research Associates Inc. for a national telephone survey of some 414 full-time indeterminate Federal Public Service employees whose job classification is below SM. Of the 414 employees interviewed, 81% were unionized and 19% were excluded employees. Of those interviewed, 90% indicated a preference for some form of a flexible benefit package; the remaining 10% opted for the status quo. Of the 90%, 74% choose the "core plus" flexible benefits approach.

It is interesting to note that the research indicates only slight differences in opinion between the unionized and non-unionized employees surveyed. Slight differences, also, occur depending on cultural background and age.

Since the Task Force was interested in exploring a range of new benefits, the EKOS survey also provided an opportunity to test public servants' degree of interest in eight new benefits, and their willingness to trade some of their current benefits for the new ones. The new benefits were:

- additional annual leave,
- additional insurance,
- assistance for the care of elderly parents,
- fitness club,
- fitness lifestyle,
- paid parking,
- day care, and
- financial counselling.

As highlighted in Exhibit 3.3 of the EKOS report (Annex 3), additional annual leave constitutes the absolute top priority of public service employees among the choices given to them: three in four indicated an interest in this benefit. Furthermore, more than one in two are willing to trade some existing benefit to increase their annual leave. The second most popular new benefit is additional insurance, but the level of interest drops drastically from that associated with additional annual leave (from 74% to 44%). For this benefit, as for assistance for the care of the elderly, about one respondent in three showed a willingness to trade existing benefits.

EKOS Research Associates Inc. also undertook for the Task Force on the Management Category a national telephone survey of some 800 SMs and EXs. It was found that 81% of interviewed employees moderately or strongly supported a more flexible approach to benefits.

The flexible benefit component will require a phased-in and strategically managed approach. Flexible benefits should be launched initially for excluded employees and those in the Management Category. For unionized employees, flexible benefits should be offered via collective bargaining. Whether for the Management Category, excluded employees or represented employees, flexible benefits might include:

- annual leave beyond 2 weeks
- extended health coverage
- dental care
- overtime*
- spousal life insurance
- financial planning services
- accidental death coverage
- RRSP
- long-term disability coverage
- child care fees
- elder care fees
- subsidized parking
- fitness assessments
- membership in a professional association
- increased post-retirement insurance

In the course of its activities, the Task Force sought the opinion of Revenue Canada-Taxation regarding the taxability of certain benefits under a new "flexible benefit" system. A preliminary opinion indicates that a benefit currently non-taxable would remain non-taxable in the new system, if it remains identical in its characteristics. However, if a flexible benefit system provides for a "cash-option" in lieu of benefits, this option would be taxable. Also, if current non-taxable benefits are significantly modified, or new benefits added, (e.g. elder care fees), they may become taxable items under the flexible benefits system.

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* The Management Category would not be eligible for overtime. As a flexible benefit, reimbursement for overtime would be available either in the form of cash or in the equivalent value of one of the other flexible benefits.

The Task Force on Compensation and Benefits has concluded that flexible benefits are a positive element to recruit and retain a changing and diverse workforce.

A flexible benefits approach would facilitate the introduction of benefits and working conditions that permit the balancing of work and family responsibilities. A flexible benefit approach would also be supportive of some of the recommendations contained in "Beneath the Veneer: The Report of the Task Force on Barriers to Women in the Public Service".

RECOMMENDATION VIII

The second component of the Reward System is: a "Core Plus" approach to flexible benefits, i.e. core remuneration plus individually chosen flexible benefits.

RECOMMENDATION IX

For represented employees, the "Core Plus" component will be offered via collective bargaining.

RECOMMENDATION X

The principles for the development of the "Core Plus" component are:

- **no incremental cost to the employee who chooses to remain with his/her current level of benefits over and above the existing benefit costs,**

- **any incremental cost to the federal government in moving to a "Core Plus" approach should be absorbed within the existing operating budgets,**
- **it should respect the provisions of Income Tax Act,**
- **it should be designed to provide maximum achievable flexibility,**
- **it should be designed to allow changes over the lifetime of the program,**
- **it should be designed to permit employees to reselect as their personal circumstances change, and**
- **an effective communication and advisory services program should be established for employees to ensure clear and accurate information as to available benefit choices.**

Annex 3 provides the results of the EKOS Research Associates Inc. survey. Annex 4 provides additional information on the flexible benefits component.

3.2.3 AWARDS AND REWARDS

Discussion

Award and reward programs, tailored to an organization's needs, values/culture and objectives, are a strategic management tool to encourage and promote organizational effectiveness and demonstrate that employees are a key resource to achieve mandate and goals.

Organizational research and management experience have shown that effective recognition and reward programs improve employee motivation, commitment to the organization, morale, teamwork and productivity, while at the same time are cost effective.

Surveys done by the Conference Board of Canada indicate that award and reward programs are a very effective mechanism for maximizing human resource excellence; award and reward programs are above average in terms of success in meeting the goals and objectives stated for the programs.

RECOMMENDATION XI

The third component of the Reward System is: an "Award and Rewards program to be structured on three elements:

- **incentive and recognition awards,**
- **productivity gainsharing rewards, and**
- **performance rewards.**

Chapter 4 of this report focuses in greater detail on the recommended Awards and Rewards program and its three elements.

4. MORE ON 'AWARDS AND REWARDS'

Using the Awards and Rewards component strategically means that the three elements:

- incentive and recognition awards,
- productivity gainsharing rewards, and
- performance rewards

should be used in a concerted and directed fashion to help achieve organizational effectiveness while creating a motivating work environment, building teamwork and improving employee morale and productivity.

Award and reward programs, whether to recognize individual or group effort, have a proven track record of success. The Task Force on Compensation and Benefits fully endorses this key component and recommends in this chapter principles for the design and structure of the program.

4.1 INCENTIVE AND RECOGNITION AWARDS

Incentive and recognition awards involve singling-out and recognizing exceptional effort and contribution during a period of time. The period may be an entire career, the time needed to achieve a special result, a regular review period, or a shorter period of a few days or weeks during which an employee or a group of employees make a special contribution.

Discussion

Award programs, if properly used, contribute strategically to:

- developing commitment to the organization,
- building teamwork,
- influencing behaviour, e.g. to get employees to work smarter and better to meet a particular goal,
- recognizing achievement and merit, and
- promoting idea generation and innovation.

The award may have a monetary value, or may be non-monetary (e.g. a certificate, a plaque, or a thank you note). The award is anything an employee may value and desire that an employer is able and willing to offer in exchange for above average or exceptional employee contribution. Essentially, the award is prized or valued by the individual or group receiving it.

There are a variety of award programs; a growing number of employers are now focusing attention on programs directed either at individual employees or groups of employees. The following illustrates some of the better-known private sector incentive and recognition award programs. (Corresponding Federal Public Service award programs are described under each heading - refer to indented and italicized paragraphs).

Goal-oriented Incentive

Incentive programs may be targeted to individuals or teams in specific positions or functional areas, and to address specific goals. The award may be monetary or non-monetary, or a combination of both.
For example: a program may be designed to reduce turnover and help combat absenteeism with cash awards tied to individual employee performance, attendance and length of service.

> The Federal Public Service does not have a "Special Incentive Award" program.

Employee Suggestion

Promoting idea generation, creativity and employee involvement are some of the objectives behind employee suggestion programs. Employees are encouraged to submit suggestions on ways to improve some aspect of the organization's operations. Improvements can be tangible (cost reduction, productivity or revenue gains) or intangible (aesthetics, quality of work environment). Awards can be monetary, non-monetary, or a combination of both.

The Federal Public Service has a "Suggestion Award" program. Awards consist of cash, a certificate or both. Improvements to the criteria governing eligibility to the "Suggestion Award" program were announced on June 20, 1990 to encourage greater employee participation. Employees may now receive a monetary award for an adopted suggestion which is part of the employee's duties providing the employee does not have the authority to implement the suggestion in question. Suggestion Award "winners" are eligible for the 'Award of Excellence' program.

Recognition and Achievement

Programs that have "recognition and achievement" as their aim, are growing in popularity. Such programs may be monetary, non-monetary or both; they are usually flexible with built-in discretion, i.e. few guidelines regarding the form of the award (monetary or non-monetary), the dollar value of the award, timing or eligible recipients.

The aim of these programs is to recognize individual or group contribution and extra effort in an appropriate and immediate way. For example: an employee who enjoys sports or cultural events and who has spent an entire weekend completing an important project with a stepped-up deadline, may receive from his or her manager, in recognition for the effort, two tickets to a hockey game or to a concert.

As of June 20, 1990 the Public Service of Canada has the flexibility to develop a quick-turnaround recognition and achievement program which now allow departmental managers to immediately, "on-the-spot", recognize with an award. Organizations may now establish their own title, participation and eligibility criteria for these special awards to meet their specific needs. Procedures and process times, along with the type of non-monetary awards to be granted under the new "Special Award" program are at the organization's discretion. However, the maximum value for the award granted may not exceed $200.00 including income tax which must be deducted.

The Federal Public Service's "Merit Award" program formally recognizes exceptional individual or group achievement. Awards consist of cash, a certificate or both.

The Federal Public Service has a "Long Service Award" program to recognize employees for long and faithful service, and a "Senior Officer Retirement Certificate" program to recognize contribution upon retirement. Both Awards are non-monetary, i.e. plaque, medallion, certificate.

The Federal Public Service has an "Award of Excellence" program to recognize "the best, most exemplary contributions to the public service resulting from employee suggestions or the meritorious performance of duties". The award is non-monetary, i.e. a plaque.

In addition, the Federal Public Service has "The Outstanding Achievement Award" program to extend formal recognition for sustained, outstanding performance. The Award is a citation and a cash award. The Award is restricted to senior management or equivalent levels.

Unique motivational opportunities are offered by the careful and strategic use of incentive and recognition award programs.

However, the Federal Public Service does not have a "celebration" type award program to allow departmental managers and their employees to gather for coffee and donuts or go to lunch in celebration of team efforts and achievements. Generally, managers pay for such celebrations out of their own pockets.

The key to their motivational success, is that managers should never lose sight of the fundamental value of making people feel they are important in contributing to the goals, results and challenges of the organization.

RECOMMENDATION XII

The principles for both departmental and corporate Incentive and Recognition Awards are as follows:

- flexibility, tailor-made and *managed* by Deputy Heads to meet organizational goals,

- implementation delegated, wherever possible, to managerial levels to ensure motivational success, simplicity, timeliness and widespread use,

- quick turn around between event and award, whenever possible,

- designed to recognize and reward individual employees and groups,

- publicize the event to obtain optimum benefits in terms of impact on peers,

- recognize "un-sung heroes" as well as "high profile employees", and

- provide for many small awards in addition to a few large awards.

RECOMMENDATION XIII

The Task Force on Compensation and Benefits:

- commends the Treasury Board for recently announced improvements to the Public Service of Canada award framework, particularly the introduction of the "Special Award";

- supports the Departmental Award programs:

    - Suggestion Award,
    - Merit Award,
    - Special Award, and
    - Long Service Award;

- supports the Corporate Award programs:

  - **Senior Officer Retirement Certificates,**
  - **Award of Excellence, and**
  - **Outstanding Achievement Awards;**

- **recommends that Deputy Heads make full use of the new "Special Award" program and develop for their organization "special" incentive awards to respond to specific concerns or goals;**

- **recommends that the Treasury Board Secretariat develop a case-book highlighting successful incentive and recognition awards in large and small organizations; and**

- **recommends that departmental managers be re-imbursed for reasonable out-of-pocket expenses related to special celebrations recognizing group and team contributions.**

Annex 5 provides additional information on the concept of recognition and rewards.

4.2 PRODUCTIVITY GAINSHARING REWARDS

Discussion

Under productivity gainsharing, eligible employees share in gains achieved through group productivity improvements. Productivity gainsharing is a "group" incentive plan. Short-term motivation, promotion of an entrepreneurial spirit and productivity improvement are the objectives of productivity gainsharing rewards. Productivity gainsharing programs are usually "custom-designed" to meet organizational needs. The major strength, according to the Conference Board of Canada research, is that productivity gainsharing rewards **promote teamwork.**

The Task Force on Compensation and Benefits is aware of situations where work can be quantified and measured in terms of outputs. In such cases, a normal standard could be established and a sliding scale of rewards (extra pay, leave, etc.) set for each level of output above the standard.

If collective bargaining so permits and since departments involved in processes and outputs would be the principal interested-parties in establishing productivity gainsharing rewards, the responsibility for designing and implementing such programs should be entirely delegated to Deputy Heads. Productivity gainsharing rewards would thus be tailor-made to the needs of the organization and its employees. As recommended at the end of this Chapter, a pre-requisite to a successful productivity gainsharing program will be the establishment of a good system of performance measurement.

Productivity gainsharing is a new concept for the Federal Public Service. Recent experience with productivity gainsharing in the Federal Public Service has generated negative reaction from unions. The Task Force recognizes that no unilateral productivity gainsharing programs can be implemented by the Employer.

RECOMMENDATION XIV

The following principles for a Productivity Gainsharing Reward program are:

- **no unilateral implementation by the employer;**
- **program proposal to be discussed with and agreed to by employee representatives;**
- **program objectives, standards, measurement criteria and level of rewards to be developed in consultation with affected employees;**
- **employees must be assured that they have the option of transferring to another work unit within the same department with no productivity gainsharing program;**

- **employees must be assured that job security will not be affected by the productivity gainsharing savings;**
- **productivity gains are measured against the group and not against individual employees; and**
- **work standards are not "rachetted-up" as gains are achieved.**

RECOMMENDATION XV

The Task Force on Compensation and Benefits supports the concept of productivity gainsharing and recommends that:

- **the design, implementation and measurement of a productivity gainsharing reward program be delegated to Deputy Heads, and**
- **the funding of productivity gainsharing rewards be from within departmental operating budgets.**

4.3 PERFORMANCE REWARDS

Discussion

Employees are the Public Service of Canada's most-valued resource. They are key to the effective delivery of the Government's objectives, programs and services. Changes to compensation have generally been awarded through collective bargaining for represented employees and through relative comparisons with the labour market for management levels and unrepresented groups. Only a selected number of groups have or have had merit or performance pay regimes. Annex 6 provides "A History of Performance Pay in the Public Service".

At present, the Management Category, some unrepresented employees including the University Teachers Group, and two represented groups, Foreign Service and Defence Science, have performance pay plans. Performance pay plans for a number of groups have been abandoned because of dissatisfaction with the provisions of the particular plans or their method of application.

While compensation experts have indicated that many organizations are moving to performance pay programs in a search for improved productivity, better fixed-cost control and improved performance standards, behavioural science experts indicate that not all organizations and not all employees are responsive to merit or performance pay programs. Although the concept of performance pay is attractive, it is not all all clear that monetary incentives are or can be actually linked to improve job motivation and performance for all organizations or groups of employees. Annex 7 "Pay for Performance: Does it Work?" prepared by the Public Service Commission's Personnel Psychology Centre outlines behavioural scientists' assessments of the complex issues involved in pay for performance.

A recent Conference Board of Canada report: "Strategic Rewards Management: The Variable Approach to Pay" indicates that in the private sector cash-based plans have the greatest incentive value. The report on private sector practices and trends notes that as financial motivators, cash-based incentives and bonus plans are considered by most compensation experts to have higher incentive value than stock plans. At present, these cash-based plans apply mainly to executive, managerial and professional staff. However, their use is growing and eligibility for the cash-based plans is being extended downward to include employees at lower levels, but in most cases, the organizations are not unionized.

Fiscal restraint, downsizing and delayering, and recommendations flowing from the Public Service 2000 Task Forces on the Management Category and on the Classification and Occupational Structure may well imply a classification structure with fewer levels and broader pay bands. Such a system would necessarily reduce the average number of promotions employees can expect to achieve. As such, there will be fewer opportunities to motivate superior employees through promotions. It is all the more important to find other compensation methods to reward performance. Indeed, the Task Force on Compensation and Benefits has concluded that, wherever feasible, linking one-time cash rewards to performance would provide visible recognition of the value and contribution of public service employees during a review period; we would hope that it will also encourage higher service standards and greater productivity improvements.

The present performance pay system is limited at present to 5% of salary costs. The spread in financial reward between fully satisfactory and outstanding is not sufficiently large to appropriately recognize the difference in contribution of the individuals concerned nor is it large enough to act as an incentive to encourage employees to excell to higher levels of achievement. Higher pay for higher achievement is central to the proposed new performance reward system.

In other words, linking rewards to performance as opposed to linking pay to performance, would provide greater scope and flexibility to meet organizational goals and provide tangible recognition to employees beyond the incentive and recognition award programs outlined in section 4.1.

RECOMMENDATION XVI

The Task Force on Compensation and Benefits recommends:

- **the phasing-out of current performance pay plans, and**
- **the phasing-in of performance rewards, i.e. a cash-based approach to support and reward high performance levels.**

RECOMMENDATION XVII

The Task Force on Compensation and Benefits recommends:

- **phasing-in of performance rewards be launched initially for the Management Category and for excluded and unrepresented groups;**
- **performance rewards for represented groups be offered via collective bargaining.**

RECOMMENDATION XVIII

The principles for the design of the Performance Rewards element are:

- the performance reward may be awarded to individual employees or to a group of employees;
- performance rewards are to be based on actual performance for that year, i.e. not potential;
- performance rewards are to recognize strong and consistent performance, in addition to superior and outstanding ratings;
- generally speaking performance rewards are not to become part of basic compensation;
- performance rewards are to be re-earned annually, i.e. not a right or an entitlement;
- the cash value of the performance reward must, if it is to be an effective financial motivator, be of a significant amount;
- a percentage of the annually-earned performance reward, should the Public Service 2000 Initiative lead to fewer occupational groups and to broader pay bands, may be applied to basic compensation to allow some career progression within the pay range of those occupational groups that have no lock-step increases;
- the cash value of the performance reward and the percentage to apply to basic compensation is to be discretionary, i.e. at the discretion of the Deputy Head; and

- **the cash value of performance rewards should be limited by performance budgets only and not by quotas or restrictions on performance ratings.**

4.4 CONCLUSIONS

Prior to the implementation phase of any Award and Reward component, departments will have to assess and determine the **right mix** of incentives, awards and rewards to meet their needs and goals, and to match (or change) their corporate culture and climate.

To ensure an effective program, departmental managers will need to understand the purpose and implementation principles, and become active participants and promoters of award and reward programs. In other words,

> **a pre-requisite for departmental management will be to understand and espouse the goals of award and reward programs, and introduce "award and rewards planning" as part of the strategic corporate planning process.**

Also, prior to the implementation phase, to ensure that the Award and Rewards component is effective, a well-defined link between action, results and rewards must be established and accepted by employees. In other words,

> **a pre-requisite for departments will be the establishment of adequate and accepted performance appraisal and feedback mechanisms.**

5. ADDITIONAL CHANGES AND IMPROVEMENTS

The Task Force on Compensation and Benefits received numerous suggestions from employees in all regions, and discussed a variety of issues, outside of compensation and benefits but which are part of the "terms and conditions" of employment in the Public Service of Canada.

By far, the majority of improvements proposed in this Chapter simply require an attitude change and a willingness to modernize "terms and conditions" of employment. The Task Force on Compensation and Benefits concluded that in the area of "terms and conditions" of employment, the Public Service of Canada should not lead the private sector. However, it is paramount that "terms and conditions" of employment be "comparable" and "competitive" to those offered employees in the private sector.

The Task Force on Compensation and Benefits also concluded that in the areas of equal pay for work of equal value and of work and family responsibilities, the Public Service of Canada, as the country's largest employer, must and should play a "social leadership" role. Flexibility and innovation of thought and action, both at the corporate and individual management level are key to attracting, retaining and motivating a Public Service representative of the country as a whole.

5.1 CORPORATE CHANGES AND IMPROVEMENTS

5.1.1. BALANCING WORKLIFE AND FAMILY RESPONSIBILITIES

Discussion

The changing demographic picture of the labour force has been well-documented. We are all aware of the increase in the two-income family, the impact of the less mobile and aging "baby-boomer", the higher level of education of the average worker, as well as the projected shortages in the labour market as a result of a steadily declining birth rate.

The participation rate of women in the labour force has increased dramatically resulting from societal acceptance and the need for a second income. In addition, rising divorce rates have increased the number of lone-parent families.

This has meant that more and more workers have extensive responsibilities outside their work for the care and nurturing of their families. Women are bearing the brunt of the burden of child-bearing demands, full-time jobs and increasingly for the care of elderly parents or grandparents. This trend will remain with us as the elderly population continues to expand into the next century.

Employees' success in balancing home and work responsibilities depends on individual employees themselves. However, if corporate policies and attitudes make it hard for employees to respond when an elder parent or a child is ill, this balance proves to be an impossible goal.

Policies and initiatives to support working families will help eliminate the barriers women face to career building.

By providing flexibility in the workplace, employees are empowered to take charge and be held accountable for their performance.

The Task Force thus re-iterates its support of the "strategic rewards management approach" principles of

- flexibility for individual employees to facilitate balancing of work and family responsibilities; and
- quality of work life conducive to productivity and job satisfaction.

RECOMMENDATION XIX

The Task Force on Compensation and Benefits recommends that: future policies, directives and guidelines, whether emanating from Central Agencies or from Deputy Heads, recognize

- the dual responsibilities of employees to work and to their families, and
- the necessity for the employer to understand the needs of employees in balancing work and family responsibilities.

RECOMMENDATION XX

Day Care in the Workplace

The Task Force:

- supports the proposed Treasury Board Secretariat "Workplace Day Care Centre Policy";
- recommends that the "Workplace Day Care Centre Policy" be reviewed and updated, if necessary, every three years; and
- recommends the expeditious promulgation by the Treasury Board of the proposed "Workplace Day Care Centre Policy".

RECOMMENDATION XXI

Child and Elder Care Information

The Task Force recommends expanding the base of the existing departmental Employee Assistance Programs (EAP) to include information and counselling on child and elder care resources in the community.

RECOMMENDATION XXII

Family-Related Leave

The Task Force recommends that the 5-day allowance for family-related responsibilities may be taken consecutively, if required, by the employee to meet a particular family situation.

RECOMMENDATION XXIII

Integration of Leave

The Task Force recommends integration of existing family-related leave with paid sick leave to allow employees flexibility in using accumulated leave time to meet their unique needs.

RECOMMENDATION XXIV

Leave Without Pay for Care and Nurturing of Pre-School-Aged Children

The Task Force recommends the expansion of this entitlement to permit employees to take leave without pay to care for a chronically ill child or parent.

RECOMMENDATION XXV

Personal Leave Without Pay

The Task Force recommends greater flexibility in allowing personal leave. Current regulation allows for only a one-time use of personal leave under 3 months and a one-time use of personal leave for up to one year.

RECOMMENDATION XXVI

Travel Directive - Child Care Assistance

The Task Force:

- recommends that the Treasury Board Travel Directive provision regarding Child Care Assistance be reviewed and amended to allow for the reimbursement of legitimate child care expenses; and
- recommends that the assistance vary with the number of children to be cared for (current assistance provides for a flat fee whether one child or five children).

> The Report of the Task Force on Barriers to Women in the Public Service: Beneath the Veneer noted that the Treasury Board Travel Directive reimburses child care expenses only if there is not another capable adult residing with the female employee. If that capable adult is also travelling, working a late or night shift, or otherwise not available, expenses are not reimbursed.

RECOMMENDATION XXVII

Relocation Directive - Relocation Assistance

The Task Force recommends that the Treasury Board Relocation Directive

be reviewed and amended to

- **recognize "dual-career families";**
- **provide payment of employment agency fees for the relocating spouse employed outside* the Public Service,**
- **pay for a designated number of trips to look for a job for the spouse in the proposed location, and**
- **provide assistance and flexibility for commuter marriages, e.g. increased number of long distance telephone calls, reimbursement for commuting expenses.**

The changing demographic picture of the labour force has meant changing lifestyle where physical wellness is important. The Public Service has felt this pressure; as an example, employees now work in a tobacco smoke-free environment. Pressures for physical fitness facilities have also increased and the Task Force is of the view that Deputy Heads should be allowed to introduce such facilities to meet employee needs.

RECOMMENDATION XXVIII

The Task Force on Compensation and Benefits recommends that Deputy Heads be empowered to provide physical fitness facilities and programs within their organizations.

*** A relocating spouse employed within the Public Service has the benefit of leave provisions and PSC priority status.**

5.1.2. MOBILITY

Discussion

The current Treasury Board Relocation Policy is exclusively based on cost containment and without reference to the fact that it could be a "strategic" instrument to promote staff and management development, and to further operational effectiveness.

The Federal Government is Canada's largest employer with employees in farflung locations yet we lack a comprehensive mobility policy. The current policy is devoted "to relocate employees in the most efficient fashion, that is, at the most reasonable cost to the public."

As to departmental flexibility, the Relocation Policy effectively eliminates this by advising that "the relocation provisions and any limitations thereto are published as directives, not permissive guidelines." Approximately 130 pages constitute the relocation directive. At no point is the value of mobility or field and headquarters experience pointed-out.

The Task force on Compensation and Benefits has concluded a need for a specific mobility policy, tied to departmental requirements and which encourages relocation on the basis of

- service to the public,
- management development, and
- improving the general policy overview and perspective of departments.

Departmental management should be able to choose from a range of options, seeking the most suitable package for an employee and the department. This could include employee requested transfers, surplus employee moves, career development and management relocation. Differential support should be provided for accommodation in higher cost locations (mortgage or rental assistance only).

RECOMMENDATION XXIX

The Task Force on Compensation and Benefits recommends that the Treasury Board Secretariat develop, with the assistance of Deputy Heads, a Mobility Policy to:

- **meet the operational and efficiency needs of departmental management,**
- **better develop employees, and to**
- **better serve the public.**

5.1.3. DEPARTMENTAL FLEXIBILITY - A RESPONSE TO SPECIAL RECRUITMENT AND RETENTION ISSUES

Discussion

The changed nature of work in delayered and more complex organizations has prompted considerable and growing interest in alternatives to traditional forms of compensation.

The Federal Public Service, in view of its size, highly decentralized nature, and scope of programs and services requires its employees to live in, or to relocate to, high-cost areas. The Federal Public Service also has a need for some highly specialized and trained employees. At present, no alternate forms of compensation, such as pay-for-knowledge, skill-based pay, or allowances for special high cost urban areas exists within the Federal Public Service. Exceptions to the latter, however, are the Isolated Posts Allowances and the Foreign Service Directive.

The Task Force on Compensation and Benefits under this sub-heading, investigated how flexibility might be built into the departmental management process to respond to unique and difficult recruitment and retention situations due to

- extremely competitive market for particular groups,

- rare combination of skills, and
- high cost locations (wage and cost of living).

Often the problem is not the system itself; sometimes managers lack knowledge of flexibilities that exist, are timid about using them due to the perception that many approaches were not meant for their situations, and/or are too rigid application of existing tools.

Attitude change both permitting and encouraging managers to manage would encourage them to seek ways to solve their own problems. It is the responsibility of managers to use whatever tools are available, in return for being accountable for their judgement in so doing.

At present, the Federal Public Service does have a variety of instruments to recruit under unique circumstances. The Task Force notes Interchange Canada, Business/Government Exchange and Indian Oil and Gas Canada (IOGC). Please refer to Annex 8 for additional information.

In the Public Service 2000 spirit of increased flexibility to Deputy Heads to strategically meet the needs, values and objectives of their organization and of the government and public they serve:

RECOMMENDATION XXX

The Task Force on Compensation and Benefits recommends that:

- **Deputy Heads be empowered to design special allowances to meet special recruitment, retention, and relocation needs; and**
- **Special allowances, whether knowledge or skilled based, or designed to attract to high cost urban areas, would be determined outside of the collective bargaining realm but in consultation with unions (as the Isolated Posts**

Allowances and the Foreign Service Directive are determined at the National Joint Council).

RECOMMENDATION XXXI

The Task Force on Compensation and Benefits recommends that:

- **Deputy Heads make greater use of existing assignment programs as a means of responding to unique recruitment situations;**
- **Deputy Heads explore use of electronic communications to permit increased working at home to reduce daily commuting; and**
- **the Treasury Board increase, for a specific period of time, the allocation of Special Assignment Pay Plan (SAPP) positions for departments with offices in extreme high cost areas.**

5.1.4 SICK LEAVE CREDITS

Discussion

Some employees approached Task Force members with proposals or appeals to permit employees to 'cash-out' unused sick leave credits. The reasoning behind these appeals was apparently to provide an incentive for employees to improve attendance by reducing sick leave usage. The conventional wisdom is that there is widespread abuse of sick leave immediately prior to retirement. This was supported primarily by anecdotal evidence although statistics do reveal significant differences in sick leave usage by occupational group.

There is clearly an overlap in income protection benefits in considering the total coverage of sick leave, unemployment insurance and disability insurance coverage even though only sick leave provides 100% salary protection. On the surface it is clear that there is little incentive, other than internal motivation, for an employee to retain sick leave credits beyond the amount required to qualify for the other income protection benefits. Nevertheless, many long service employees do have extensive banks of sick leave. It was reported to the Task Force that casual sick leave may be used by employees for family related reasons. The recommendations elsewhere in this report that deal with family related responsibilities will address this problem.

Sick leave is currently considered as term insurance, that is to say, if you do not require it you do not use it. The Task Force did consider a number of options to the current sick leave provisions to provide an incentive to reduce sick leave usage. These included a cash out of all credits when leaving the Public Service; an annual cash out inversely proportional to usage; converting unused sick leave credits to pensionable service upon retirement; and also considered recommending a totally new approach to income protection from illness that would clearly differentiate between the requirements for short term and long term protection.

The Task Force could not conclude that any incentive was required. In addition, it could not conclude that any of the above options would provide an effective incentive that would be equitable to all employees and would result in reduced sick leave usage in a cost effective manner without endangering the levels of income protection. The Task Force recognizes that it is a manager's responsibility to monitor and control sick leave usage to ensure that abuse is minimized while respecting the rights of employees to use this benefit as required. The Task Force is of the view that further study of this issue is required.

RECOMMENDATION XXXII

The Treasury Board Secretariat conduct further studies to determine if incentives are required, and conduct pilot projects as necessary to reduce sick leave in a cost effective manner that is equitable to all

employees without endangering the levels of income protection from illness.

5.1.5 SEPARATION PAY (EXTENSION AND DELEGATION)

Discussion

Any large organization, no matter how well it is managed, must accept that a certain percentage of its employees will become dysfunctional. These situations can have many causes: an error in staffing selection, a change over time in the abilities and interests of the employee, conflicts between the employee, his/her peers and management. Occasionally, Separation Pay is an appropriate way to handle the situation.

The central control of Separation Pay makes its application very difficult. Deputy Heads are required to negotiate (through a senior staff officer) between the individual and representatives of the Treasury Board Secretariat. This control, by a third party which is not directly involved in the negotiations can make the process lengthy, labour-intensive and acrimonious.

The Central Agency is understandably concerned with ensuring that settlements can be justified. However, because they are not directly involved in the negotiations they do not have a first-hand understanding of the intricacies of each case. Therefore their decisions on controlling the amounts of separation settlements can be artificial in some cases.

Managers must be encouraged to deal with situations of poor performance at the first indications of unsatisfactory work. Managers must be given better training in techniques for dealing with such situations, such as counselling; coaching; training poor performers; release or demotion; and appropriate transfer on reassignment.

In spite of these approaches, it is inevitable that managers will continue to be faced with poor performance situations which cannot be solved through counselling, training or reassignment. In these cases, a judicious application of a Separation Pay settlement provides the most effective and efficient method of resolving a difficult situation.

RECOMMENDATION XXXIII

The Task Force recommends that:

- **the current Separation Pay Policy be extended to apply to all public servants;**
- **the terms of the current Separation Pay Policy be expanded to include a special category of compensation designed specifically to offset some or all of the actuarial pension penalty which could be suffered by the affected employees;**
- **authority to negotiate Separation Pay settlements be delegated to Deputy Heads in accordance with established policy guidelines and subject to appropriate accountability mechanisms; and**
- **managers be urged to deal with cases of poor performance through proper use of performance review, reassignment and training and to resort to Separation Pay only in situations where all other approaches have been explored and found wanting.**

5.1.6 PART-TIME EMPLOYMENT

Discussion

Part-time employment provides flexibility to managers in performing work as and when required thereby helping to minimize costs, and to employees in balancing work and family-related responsibilities. It can also permit employees to ease-out of the workforce into retirement and can permit managers to take advantage of the experience of retired employees for short-term assignments or peak workloads.

The Treasury Board's part-time employment policy was revised and improved in 1989 following an evaluation of the policy in 1988. Most notable improvements of the policy:

- a clear statement that Treasury Board encourages this alternative work arrangement, with the caveat that operational requirements be the prime criterion used by management for accommodating or denying an employee's request for part-time status;
- greater accountability by management when evaluating an employee's request for part-time status, and the requirement that a "memorandum of clarification" be signed with the new part-time employee. This document sets out the terms of the part-time arrangement; and
- the requirement for departments to communicate to their managers the intent of the employer's policy.

The revised policy has been in place for just over a year. It is too early to make an objective assessment of its impact, but TB's on-going departmental contacts and statistical information suggest the policy is performing reasonably well. It was noted that some Deputy Heads strongly support and facilitate part-time employment within their organizations. In fact, any denial of an employee's request for part-time status is to be co-signed by the Deputy Head. It was found that this requirement for Deputy Head co-signature ensured that departmental management gave full consideration to an employee's request for part-time employment.

The 1988 study showed that almost 95% of part-time employees work 15 or more hours a week and have all of their negotiable terms and conditions of employment established by collective agreement. However, employees who work less than 30 hours per week do not acquire pensionable service. This point is discussed further in the section on part-time employment and the Public Service Superannuation Act.

Part-time employees express a common concern about the poor perception that managers and employees generally have of part-time employment. There is an on-going lack of objective information on part-time employment in the hands of managers and employees.

RECOMMENDATION XXXIV

The Task Force on Compensation and Benefits recommends that:

the Treasury Board Secretariat and departmental personnel embark on an information campaign directed to both management and employees to facilitate part-time employment.

RECOMMENDATION XXXV

The Task Force on Compensation and Benefits recommends that:

the communications initiative should focus on these themes:

- **advantages of part-time employment for managers as a means of efficiently achieving their operational and human resource objectives, e.g., higher productivity, higher quality of work, operational and organizational flexibility (achieve a better balance in resources required to handle peak and slack load situations; adapt or extend services to the hours, extent and frequency of local demand, etc.); improved employee morale; retention of skilled and experienced staff who would otherwise have left the Public Service, or not joined it on a full-time basis in the first place; lessened use of sick and family responsibility leave, etc.**

- advantages of part-time employment for the employee, e.g., flexibility to pursue personal goals (education, social, etc.), resulting self-esteem and job satisfaction, facilitate the demands of equal opportunities for women, provide older individuals with a means for a more gradual transition to final retirement, permit handicapped individuals to meet their needs and aspirations, provide on-the-job training to students to fit them for future careers in the Public Service, to learn skills and to finance their education, etc.

- rights and obligations of the employees and their managers when entering into a part-time employment arrangement.

RECOMMENDATION XXXVI

The Task Force also recommends that:

- managers should identify, opportunities within the department which lend themselves to job sharing and part-time work, and then invite employees to consider these jobs,

- departments should develop career paths for part-time work which would include training and development, and

- staffing officers should be encouraged to develop an inventory of those desiring job sharing or part-time work.

5.2 LEGISLATIVE CHANGES AND IMPROVEMENTS

The Public Service Superannuation Act (PSSA) provides the majority of Public Service employees with an excellent pension plan that can be considered one of the best in the country. In this respect, it meets the principles defined for a modern and strategic compensation and benefits system.

Nevertheless, a number of areas of concern were identified to the Task Force by outside groups and employees. The report of the Task Force on Barriers to Women in the Public Service identified some of the same concerns. A presentation on possible changes to the PSSA was made to the Task Force by a Treasury Board official and this also raised some concerns.

Possible amendments to the PSSA may improve the vesting and portability provisions. Many of the other concerns expressed relate to age of retirement, actuarial reductions or penalties and the calculation of average salary for pension purposes. The Task Force recognizes that improved benefits are possible in these areas but understands there is a significant cost associated with them. If the superannuation plan is to be actuarially sound, and in view of the quality of the present pension benefits, the Task Force has chosen to not make recommendations for improved benefits.

Nevertheless, concerns still remain in two areas: part-time employment and periods of leave without pay.

5.2.1 PART-TIME EMPLOYMENT AND THE PSSA

Discussion

As noted in section 5.1.6 on Part-time Employment, part-time employment provides flexibility to managers in having work performed as and when required thereby helping to minimize costs, and to employees in balancing work and family-related responsibilities. It can also permit employees to ease-out of the workforce into retirement and can permit managers to take advantage of the experience of retired employees for short-term assignments or peak workloads.

Despite the advantages of part-time employment, the PSSA often acts as a disincentive to part-time employment. Employees who work less than 30 hours per week may not contribe to the PSSA and do not acquire pensionable service. This has a particularly adverse impact on women as the majority of part-time employees are currently women. It could also adversely impact employees wishing to ease into retirment as they could cease to acquire contributory service.

The most obvious answer to this would be to include part-time employees as contributors under the PSSA. However, if contributory status is made mandatory, as it presently is for employees working more than 30 hours per week, this could adversely impact retired employees returning on a part-time basis or for short assignments as, under some circumstances, they would lose their pension.

Because pension entitlements are based upon highest average salary, employees wishing to ease into retirement could be adversely affected, as periods of part-time employment, whether considered contributory or not, could result in a lower average salary for determining pension entitlements.

RECOMMENDATION XXXVII

The Task Force on Compensation and Benefits recommends that the Public Service Superannuation Act (PSSA) be amended:

- **to include as contributors part-time employees who work less than 30 hours per week;**
- **to permit employees to ease into retirement through reduced hours of work without adversely affecting future pension benefits; and**
- **to permit retired employees to return to work for short periods of time without losing pension benefits.**

5.2.2. LEAVE WITHOUT PAY AND THE PSSA

Discussion

Employees returning from periods of leave without pay are normally required to pay back both the employee and the employer share of superannuation contributions over a period equivalent to the period of leave without pay. This, in addition to current contributions, means that they are paying up to three shares of contributions, up to 22.5% of salary, at the same time. This is a particular concern for employees taking care and nurturing leave, usually female employees, to balance family responsibilities, who have already been placed at a disadvantage by an absence from the career stream. This issue is also a concern for employees proceeding on leave without pay to accompany their spouse on relocation and could serve as a disincentive for spousal relocation within the public service.

The Task Force on Compensation and Benefits notes that, although a provision currently exists to extend the payback period, it requires from the employee a statement of financial hardship. This provision is currently not well-known and utilized by employees, is generally discouraged by the present superannuation system, and is considered humiliating for the employee.

RECOMMENDATION XXXVIII

The Task Force on Compensation and Benefits recommends that the Public Service Superannuation Act (PSSA) be amended to permit payback over extended periods of time, similar to those provided for elective service, at the option of the employee.

RECOMMENDATION XXXIX

The Task Force on Compensation and Benefits recommends that employees proceeding on leave without pay be fully informed of their options prior to proceeding on leave.

6. THE CHALLENGES

The discussions of the last seven months and the numerous letters received from Public Service employees from across the country offered the Task Force on Compensation and Benefits many challenges and many opportunities to re-think the current approach to compensation and benefits. The next seven months promise to be equally challenging for Task Forces and for the whole Public Service 2000 Initiative. Much work and consultation remains to be done before recommendations are made to Ministers and then to Parliament for required legislative reform.

The Task Force on Compensation and Benefits forsees challenges in six particular areas.

6.1 RECOMMENDATIONS OF OTHER TASK FORCES

The ten Task Forces are expected to produce over a hundred recommendations to modernize the Public Service of Canada. The challenge will be to integrate the subtantial issues and major recommendations into a logical whole which will take the Public Service of Canada into the twenty-first century.

The "strategic rewards management approach" with its three Reward System components of

- core remuneration,
- flexibile benefits, and
- awards and rewards

needs to be meshed with the recommendations of other Task Forces, such as the proposed de-layering of the Management Category, the proposed reduction in the number of occupational groups and classifications, the possible introduction of appointment-to-level instead of appointment-to-position, and the adoption of an "operating budget" system.

6.2 COMMUNICATIONS AND CONSULTATIONS WITH EMPLOYEES

While some ninety Public Service employees have been directly involved in the deliberations of the Task Forces, many more have been indirectly involved in focus groups, in telephone surveys and in workshop or information sessions conducted under the auspices of departments, the Public Policy Forum, the Association of Professional Executives (APEX), and others.

However, the fact remains that Task Force recommendations, when approved by Ministers, will have a direct bearing on all employees of the Public Service of Canada, and will lead to a Public Service renewed by a spirit of professionalism, innovation, high performance, and of improved service to the public.

The challenge over the coming months will thus be to present and to openly discuss with all employees, whether represented or unrepresented, whether at the support level or the management level, whether in the National Capital Region, in the North or in a foreign post, the

- goals of Public Service 2000,
- the recommendations of Task Forces, and
- the development of implementation and transition strategies.

Since the end-result of Public Service 2000 will represent a fundamental change to personal career paths and to the working environment, the participation and commitment of all employees is needed to modernize and to simplify current policies and practices.

Public Service managers will be on the front-lines in the modernization process. They must be ready to assist employees to understand, to contribute and to adapt to a modern Public Service.

6.3 COMMUNICATIONS AND CONSULTATIONS WITH UNIONS

Throughout its deliberations, the Task Force on Compensation and Benefits was conscious of the role and responsibility of Public Service unions. The Task Force met with representatives of ten unions in February, met bilaterally with the Professional Association of Foreign Service Officers and with the Professional Institute of the Public Service; letters were also received from the Public Service Alliance of Canada, the International Brotherhood of Electrical Workers, and others.

A basic premise of the Task Force on Compensation and Benefits has been that there will be no unilateral implementation by the Employer of the proposed Reward System in respect of represented employees. In fact, the Task Force has recommended that compensation and benefits for represented employees continue to be determined via collective bargaining.

The Task Force is prepared to meet again with interested unions to present and discuss with them the recommendations and their rationale.

6.4 COST IMPLICATIONS

The Task Force is conscious of the cost implications of its recommendations and of the desire expressed to keep the overall PS 2000 package cost neutral. The Task Force held consultations with officials from the Conference Board of Canada and other private sector organizations where it became evident that compensation and benefit packages are already important strategic management tools in many of the more progressive and successful organizations. The Task Force also concluded that the wise application of a properly structured compensation and benefits package would have a direct and positive impact on operational efficiency and effectiveness. Given the importance of these major findings, the Task Force considered it essential to come forward with a progressive set of recommendations which would enable compensation and benefits to be effectively applied as a strategic management tool.

The Task Force found that it was unable to design a package which it felt it could recommend which would be cost-neutral, if confined to finding offsets from within current expenditures in this area. It is important to note that the private sector in some instances has found this to be the case in terms of trying to develop acceptable packages within dollar-for-dollar constraints. Notwithstanding, the Task Force felt it appropriate to proceed, and in doing so, to give full recognition to the overall advantages of a revised approach in achieving increases in operational efficiency and effectiveness.

The Task Force recognizes that there are two possible sources of funds available to offset incremental cost requirements. The first is as a result of the possible savings expected from the cumulative recommendations of PS 2000 Task Forces, and the second by absorbing the costs from within existing operating budgets through increased effectiveness and efficiency. The use of such offsets would therefore be necessary, for example, in the recommended replacement of the performance pay plan with a new performance reward program, or in implementing the recommended cafeteria concept in offering employee benefits. Offsets required in these instances would have to be relatively small.

6.5 IMPLEMENTATION CHALLENGES

The implementation of the "strategic rewards management approach" and the corollary administration of compensation, benefits and terms of conditions of employment is one of the most basic and fundamental personnel functions and services. As such, the fairness, consistency, flexibility, timeliness and professionalism of the administration of the system is key to employee confidence not only in the proposed Reward System but also in the overall approach to human resource management of an organization. Effective administration of the Reward System can contribute to the use of the system as a strategic management tool.

The Task Force has given thought to the issue of the administration and implementation of the Reward System. Annex 9 provides additional information.

6.6 FUTURE ACTIVITIES OF THE TASK FORCE

The Public Service 2000 Initiative is a complex undertaking with many challenges, some requiring difficult decisions. It recognizes the fundamental changes that have taken place in the workplace and in the labour force, and accepts that change is also required in the Public Service of Canada.

New situations often demand new approaches. The Public Service 2000 Initiative advocated a "fresh look" at the management of people to face the daunting challenges of a new decade and new century. The Task Force on Compensation and Benefits approached its particular task in this spirit.

Now that the Task Force on Compensation and Benefits has completed its review and report, it considers that the report is only phase I of an on-going process. Members unanimously share the view that their work will not be completed with the presentation of the report but rather with the implementation of a "modern" approach to compensation and benefits.

To this end, the Task Force members will be available over the coming months to work with Central Agencies and experts to design a modern system and, more importantly, to meet with employees and with union officials to discuss their conclusions and recommendations.

FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON CLASSIFICATION AND OCCUPATIONAL GROUP STRUCTURES

July 20, 1990

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EXECUTIVE SUMMARY

The mandate of the Task Force on Classification and Occupational Group Structures was to examine the design and administration of the existing classification system within the context of values and objectives for a renewed Public Service.

In its preliminary report of January 31, 1990 the Task Force concluded that there was a need to reform, by means of a pragmatic and reasonable approach, the existing classification system as well as a need for a significant reduction in the number of occupational groups and levels.

The administration of the classification system has become time consuming and costly, and requires an inordinate amount of activity, job data, and documentation for classification decision making. In 1989-90, there were approximately 202,446 actions for some 320,000 established positions. Recent analysis indicates a normal level of classification activity would be between 40 to 50% of the total position establishment for the Public Service. Departmental classification activities because of numerous organizational reviews and reviews of individual positions, existing TB policies on cyclical reviews and classification standard changes result in an average of 150,000 classification actions per year.

The need for change requires that new classsification objectives be established to meet the demands of the workplace of the 1990s and beyond.

The new system's basic purpose is to allow for a productive working environment aimed at service to the public, excellence in management practices, efficiency, probity and effectiveness in program management.

The new system must be considerably easier to manage, less complex, easily explainable and understood by human resource specialists, managers, employees and unions.

The new system must allow for the rapid redeployment of staff both within and outside governmental organizations and be responsive to change, technological, social, economic and structural. It should allow for sharing of responsibility, accountability and authority among levels, regions and headquarters and among staff and line groups.

The new system must enhance career/work development and job enrichment.

It must be free of any systemic discrimination and sexual bias.

The new system must be capable of reflecting trends in compensation outside the Public Service.

The system must establish the relative worth of jobs and must recognize the diversity of the many different functions within the Public Service.

The new system must allow broad spans of communication between employees and supervisors and enhance decision-making and more sharing of responsibilities at the working level.

And it must be of such a nature that it can be delegated to front-line managers on the basis of a climate of trust and confidence demonstrated by central agencies and senior managers.

These values and objectives will provide for a classification system that will result in attracting and retaining high quality Public Service employees and provide for logical pay and career progression for these employees. They will result in a much simplified classification system, extensively delegated to managers, and capable of automation. These values and objectives will encourage innovation with the organization of work, leading to management delayering, and the giving of greater authority and responsibility to front-line employees.

The Task Force believes that the new group and classification structure must combine existing groups and sub-groups into their broader job families - families which could be Public Service-wide or department-specific. The concept of job family, however, must not be carried to the extreme of failing to recognize that certain groups have a community of interest built up over the years, require specific professional certification, or are very sensitive to outside compensation market forces. A reasonable application of these two realities will significantly improve internal relativities and equal pay for work of equal value objectives.
Another major concern of the Task Force is that the levels within the new groups must reflect only significant and discernible differences between work levels. This will lead to a substantial reduction of the number of levels, which, combined with a significant reduction of occupational groups and sub-groups, will greatly simplify the system, make it more transparent, and provide more flexibility.

The Task Force cannot ignore some 20 years of experience under the Public Service Staff Relations Act which have led to the establishment of bargaining units reflecting more specific communities of interests and special needs. The Task Force has accommodated these needs by keeping certain groups separate or providing for sub-groups which could be identified as separate bargaining units in the new classification system.

The system must be consistent with the requirements of human rights legislation that introduced the concept of "equal pay for work of equal value". This concept requires that predominantly male groups and female groups working in the same establishment receive equal pay for work of equal value although the work may be different in nature. This obviously places great emphasis on internal relativity as the underlying principle of compensation. The Task Force feels that its recommendation to combine groups and reduce levels will greatly help the pay equity question. However, the existing classification system does not respond to pay equity issues. Because of the number of classification standards and plans, cross-group comparisons required to deal with pay equity matters cannot be made unless a common classification plan is used.

The answer lies in a new rating plan which would support the concept of equal pay for work of equal value and rely on internal relativity as the underlying principle of compensation in the Public Service.

For each new occupational group four factors will be present in the rating plan and which will be consistent with the requirements of the Canadian Human Rights Act. Within a new occupational group, under each factor the rating scale and its contents will be structured to measure the significant differences that are applicable to the group. The rating scales and their description can therefore vary from group to group.

Renewal of the Public Service provides an opportunity to simplify and improve existing personnel systems to make them more relevant to human resource management in the 90s. Reducing the number of groups and classification levels will result in a more efficient and effective management process for Public Service managers and employees, redesign of jobs, recognition of multiple skills, enhance career development, improvement of morale by allocating increased responsibility and authority to front-line employees, and flatter organizations with better communications between management and front-line workers. Greater energies will be expended on "getting on with the job" rather than "playing the system".

The Task Force recommends the following:

1. Abolish the existing 6 occupational categories.

2. Establish 23 distinct occupational groups and 8 sub-groups by combining the existing 72 groups and 106 sub-groups as follows:

PROPOSED NEW GROUPS

NEW	SUB-GROUPS	NUMBER OF LEVELS	FORMER
EXECUTIVE		3	Senior Management Executive Group
ADMINISTRATION		6	Administrative Services Financial Administration Personnel Administration Information Services Program Administration Organization and Methods Purchasing Welfare Programs Clerical and Regulatory Secretarial Stenographic and Typing Communications Data Processing Office Equipment Social Science Support Library Sciences
OPERATIONAL	Firefighters Trades Skilled Lightkeepers Ship Repairs Ships Crews	7	Firefighters General Labour and Trades General Services Hospital Services Heating and Power Lightkeepers Ship Repair Ships Crews
TECHNICAL		5	Drafting and Illustration Engineering Support General Technical Photography Technical Inspection Primary Products Inspection Radio Operators

CORRECTIONAL		2	No change
COMPUTER SYSTEMS		5	No Change
SCIENCES		5	Physical Sciences Chemistry Biological Sciences Forestry Meteorology Scientific Regulation Agriculture
AUDITING		5	No change
SOCIAL SCIENCES		5	Economics, Sociology and Statistics Mathematics Actuarial Science Social Science Support
SHIP OFFICERS		5	Ship Officers
ARCHITECTURE/ ENGINEERING		5	Architecture and Town Planning Engineering and Land Survey
RESEARCH		5	Scientific Research Defence Scientist Historical Research
ELECTRONICS		5	No change
AIR TRAFFIC SAFETY		5	Air Traffic Control Radio Operations
HEALTH CARE	Dentistry Medicine	5	Home Economics Nursing Pharmacy Occupational Therapy Psychology Dentistry Medicine Social Worker
EDUCATION		5	Education University Teaching Education Support
COMMERCE		4	No change
FOREIGN SERVICE		4	Current FS group plus non-managerial SM/EX in External Affairs

TRANSLATION	5	No change
PRINTING OPERATIONS		No change
LAW	3	No change
VETERINARY MEDICINE	5	No change
AIRCRAFT OPERATIONS	5	No change

3. a) A common job rating plan will apply to all occupational groups except for the Executive, Research, Law, Foreign Service and Printing Operations groups. The plan will be based on the equity principles contained in the Canadian Human Rights Act.

   b) This rating plan will use 4 factors.

   c) A 3-page format shall be adopted for all job descriptions.

   d) The job rating plan shall be automated as much as possible.

4. The PSSRA shall be modified to ensure that the determination of a "bargaining unit" is based on the definition of an occupational group or sub-group.

5. The Public Service Staff Relations Act (PSSRA) should continue to define managers as being excluded from collective bargaining.

6. Conversion to the new structure should be in accordance with these principles:

   a) employees in positions at current salary ranges which are higher than the maximum of the new range shall be salary protected;

   b) employees who are not at the maximum of their old salary range would remain in that range until they reach the current maximum;

   c) employees at the maximum of their range would be placed in the new range at a rate of pay equal to their current rate of pay (the maximum of their old rate) or at the next higher rate in the new range.

FOR DISCUSSION

July 20, 1990

REPORT OF THE TASK FORCE
ON
CLASSIFICATION AND OCCUPATIONAL GROUP STRUCTURES

INTRODUCTION

The mandate of the Task Force on Classification and Occupational Group Structures was to examine the design and administration of the existing classification system within the context of values and objectives for a renewed Public Service.

In its research, the Task Force considered the Report of the Committee of Deputy Ministers on classification issues; reviewed current classification principles and plans, occupational groupings, and job structures; examined organization of work and levels, compensation and pay lines, Treasury Board and other proposals for simplifying existing classification structures and processes; and studied the implications of potential changes to the classification system for unions and bargaining units. It also reviewed the impact of the current classification system on compensation schemes, staffing, career development and general human resource management, including managerial culture and attitudes. It held a workshop with line and field managers and its members participated in focus groups seeking input and reaction to proposals. It also received numerous proposals from union staff and regional management and personnel groups. Meetings were held with members of the classification community.

NEED FOR REFORM

In its preliminary report of January 31, 1990 the Task Force concluded that there was a need to reform, by means of a pragmatic and reasonable approach, the existing classification system as well as a need for a significant reduction in the number of occupational groups and levels.

The Task Force also questioned the continued relevancy of occupational categories which no longer have any usefulness in the classification system. The Task Force also concluded that the classification decision-making process, including job evaluation plans and job descriptions, needed to be considerably simplified.

There is no doubt that the nature of work in the Public Service is changing. The job differences that existed when the current system was developed are in many instances no longer present or distinguishable. There are fewer discernible differences in job values today. Advancements in the fields of science and information technology, the organizational requirement for many skills and/or multi-skilled type jobs, increased numbers of post-secondary graduates entering the marketplace, compression and lack of career mobility all have contributed to the elimination or reduction of these differences and the need for change.

The current system is cumbersome with its 6 occupational categories, 72 occupational groups and 106 sub-groups. It does not permit managers and employees to understand and thereby accept the salary differentials attributable to different category, group and sub-group allocations. At present, artificial job or organizational differences must be created in order to obtain a classification level which allows a manager the flexibility to redeploy staff. This contributes to the high level of frustration among managers, personnel administrators and employees. The administration of the classification system has become time consuming and costly, and requires an inordinate amount of activity, job data, and documentation for classification decision making. In 1989-90, there were approximately 202,446 actions for some 320,000 established positions. Recent analysis indicates a normal level of classification activity would be between 40 to 50% of the total position establishment for the Public Service. Departmental classification activities because of numerous organizational reviews and reviews of individual positions, existing TB policies on cyclical reviews and classification standard changes result in an average of 150,000 classification actions per year. In 1988, over 1,500 classifications actions, one third of all positions, were made in the Management Category. In 1989, 25% of all promotions in the Public Service were the result of reclassifications.

In addition, the current system is not responsive to pay equity considerations. In fact, the existing group structure with its male/female orientation leads to pay inequity problems. The recently issued report "Beneath the Veneer" sees the current classification system as stereotyping certain types of positions as "female", and recommends an overhaul of the system.

Further, the more complex the classification system, the more it generates staffing actions, particularly for transfers, promotions and reclassifications. In 1989, there were approximately 100,000 staffing actions made in the Public Service, including recruitment, promotions, lateral transfers, terms and term renewals. This represents close to 47% of the total number of public servants (214,000). In other words, almost one employee in two was involved in a staffing or occupational group and level movement during the past year.

In other words, the current classification system is:

- Too complex
- Too costly and labour intensive
- Too capable of manipulation
- Subject to too many conflicting demands
- Overly restrictive in terms of career progression
- Not responsive to changing work and technologies
- Not responsive to pay equity concerns
- Open to excessive reorganizations and countless reclassifications to compensate or promote employees

GUIDING VALUES AND OBJECTIVES

Throughout its review, the Task Force was inspired by the objectives and values of the renewal exercise of Public Service 2000. Specifically it was inspired by the notion of a Public Service which:

- is professional, competent, non-partisan and imbued with a mission of service to the public;

- recognizes the importance of people in achieving performance and values its human resources;

- places as much authority as possible in the hands of front-line employees and managers; and

- in the context of a single Public Service, provides for diversity in recognition of the many different functions carried out.

The need for change requires that new classsification objectives be established to meet the demands of the workplace of the 1990s and beyond. The Task Force considers these to be:

1. **Productive working environment**

The new system's basic purpose is to allow for a productive working environment aimed at service to the public, excellence in management practices, efficiency, probity and effectiveness in program management. It should not be seen as exclusively a means of rewarding, promoting and compensating employees. This will require a change in managerial attitudes towards classification structures. The new system must not be a hindrance to managers. It must be economical to operate and adaptable to computerization.

2. **Simplicity and transparency**

The new system must be considerably easier to manage, less complex, easily explainable and understood by human resource specialists, managers, employees and unions. It must reduce significantly the number of occupational groups, sub-groups and levels and be reflective of real differences in work being performed.

3. **Flexibility**

The new system must allow for the rapid redeployment of staff both within and outside governmental organizations and be responsive to change, technological, social, economic and structural. It must also be flexible enough to deal with exceptional situations, which do not set dangerous precedents for the integrity of the system. It should allow for sharing of responsibility, accountability and authority among levels, regions and headquarters and among staff and line groups.

4. **Stimulate career progression**

The new system must be reflective of prevailing attitudes and factors impacting on work and employee careers: plateauing, two-career family units, mobility, "knowledge" workers, etc. In order to attract and retain these workers, classification structures must enhance career/work development and job enrichment.

5. **Equal pay for work of equal value**

   The new system must be fair and recognize those female-dominated occupations that have been underpaid yet are of equal value to male-dominated occupations. It must be free of any systemic discrimination and sexual bias.

6. **External relativities**

   The new system must be capable of reflecting trends in compensation outside the Public Service.

7. **Internal relativities**

   The system must establish the relative worth of jobs and must recognize the diversity of the many different functions within the Public Service.

8. **Broader span of controls with fewer levels**

   The new system must allow broad spans of communication between employees and supervisors and enhance decision-making and more sharing of responsibilities at the working level.

9. **Ownership by management**

   Managers must understand, support and feel comfortable with the system. It must not be seen as a system for personnel specialists only. And it must be of such a nature that it can be delegated to front-line managers on the basis of a climate of trust and confidence demonstrated by central agencies and senior managers.

These values and objectives will provide for a classification system that will result in attracting and retaining high quality Public Service employees and provide for logical pay and career progression for these employees. They will result in a much simplified classification system, extensively delegated to managers, and capable of automation. These values and objectives will encourage innovation with the organization of work, leading to management delayering, and the giving of greater authority and responsibility to front-line employees.

APPROACH TO THE NEW GROUP AND CLASSIFICATION STRUCTURE

The Task Force believes that the new group and classification structure must combine existing groups and sub-groups into their broader job families - families which could be Public Service-wide or department-specific. The concept of job family, however, must not be carried to the extreme of failing to recognize that certain groups have a community of interest built up over the years, require specific professional certification, or are very sensitive to outside compensation market forces. A reasonable application of these two realities will significantly improve internal relativities and equal pay for work of equal value objectives.
Another major concern of the Task Force is that the levels within the new groups must reflect only significant and discernible differences between work levels. This will lead to a substantial reduction of the number of levels, which, combined with a significant reduction of occupational groups and sub-groups, will greatly simplify the system, make it more transparent, and provide more flexibility.

With the new classification system, management will have the authority to deploy staff within a classification level to meet work requirements and to provide for staff development. This will go a long way towards increasing flexibility in organizing work and will encourage job enrichment and career development. This view is also shared by the Joint Consultation Committee (JCC). In its March 7, 1990 report, the JCC Sub-committee on Mobility concluded that a "reduction in the number of occupational groups coupled with appointment to level with a wide salary band could offer increased opportunities for movement to other positions within the band without the necessity of appeals. This movement could offer employees experiences in different types of jobs where they may require skills and abilities different from those required in their present job." Further, the reduced number of levels should allow for the application of performance pay, which will provide initiatives for high performance, rather than the seeking of reclassification, a frequently chosen alternative under the current system.

The final concern of the Task Force has been the most difficult to approach. Since the classification structure is the foundation for the structuring of bargaining units leading to the certification of bargaining agents, the Task Force wants its proposals to recognize, as much as possible, the existing groups/union affiliation. The Task Force cannot ignore some 20 years of experience under the Public Service Staff Relations Act which have led to the establishment of bargaining units reflecting more specific communities of interests and special needs. The Task Force has accommodated these needs as long as they were not contradictory to the objectives (listed on pages 4 & 5), by keeping certain groups separate or providing for sub-groups which could be identified as separate bargaining units in the new classification system.

As a result of our approach, occupational categories will disappear. Our concept recognizes that there is a logical career progression as well as a continuum of work between the Administrative Support and the Administrative and Foreign Service categories in particular. In fact, the Task Force's major recommendation is to structure an ADMINISTRATION group to include most groups and sub-groups in these categories. This will go a long way towards meeting the concerns of the Task Force on Barriers to Women in the Public Service.

The application of this approach leads to the following:

a) The integration of current groups into broader families of jobs across departments which could, in some instances, lead to department-specific groups.

The rationale used for integrating or keeping separate existing occupational groups is based on the generic nature of the work performed and on community of interests. Community of interests represents such factors as similarity of the work and duties performed, duration of work performed, conditions of employment, professional and technical qualifications, the required training , compensation and job evaluation schemes, benefits, interdependence of functions, normal career movement within a particular existing group as opposed to lateral transfers to other groups and career development opportunities. The new groupings will keep managers and non-managers together in the same groups but for collective bargaining purposes, managers would be excluded under the PSSRA.

These groupings would enable managers to have more flexibility in human resource management. It will no longer be necessary to create artificial differences to satisfy one particular group allocation versus another within the same category in order to redeploy staff. This new group will enable managers to concentrate on the purpose of the job which is to provide, for example, a certain kind of expertise. Specific knowledge/skills requirements for a particular job will be the selection criteria.

Thus, functions required for the internal management of an organization, i.e. administrative, personnel, financial and clerical support, would be grouped with others engaged in the delivery of a government program or activity. There would no longer be any artificial barriers between employees who provide a service or who administer regulations and those who provide operational, managerial or technical support to the front-line staff. A similar approach has been used for operational, technical, scientific and health related occupations and professions.

The job family concept is applied essentially across the Public Service. In some instances, it leads to department- specific groups where the job family is department-specific. It must be noted, however, that some departments can argue that all jobs should be in the same classification group even though they are of different job families. For example, Correctional Services Canada could state that all jobs in institutions dealing with inmates should be classified identically, although they are of varying job families (guards, trades, program administration). The same can be said for Revenue Canada, Taxation which wants to evolve to a Tax Officer concept regrouping lawyers, accountants and program administrators. The Task Force recognizes the legitimacy of these situations but cannot support the classification rationale whenapplied to a single Public Service. The danger would be that each department would have its own distinct classification plan - a situation that prevailed in many departments before 1965 and which was unsatisfactory. We see the legitimate aspirations of these departments as being met with the separate employer concept, whereby, as separate employers, these departments could develop classification plans for their organizations only.

b) Retention of specific groups where professional certification and outside market comparability warrants.

The Task Force recognizes that for certain specific groups such as lawyers, auditors and veterinary scientists, professional qualification is a requirement for appointment and there is a clearly identifiable outside market which must be closely monitored if the Public Service is to attract and retain quality staff. The Task Force believes that in the interest of developing a professional, career-oriented Public Service, such groups need to be retained as specific entities.

c) Classification levels to reflect only significant and discernible differences in work levels.

Under the current system this is not the case. The differences between levels in a particular occupational group generally are so sensitive so as to invite managers to alter their organizations in order to compensate and promote deserving employees. In addition, in most occupational groups, especially those of an administrative nature, these differences are not significant enough to establish and explain the differences in salaries for these jobs. Jobs have become diluted in order to satisfy the requirements of the existing classification plans. Simplifying the system will enable managers to understand it and assume ownership for it.

d) **The current and future Public Service requires that managers should be able to deploy staff quickly and easily to meet constantly changing priorities.**

Such a change would reduce paper burden on both classification and staffing specialists, as position documentation would be required only for each unique job, and appointment documentation for initial appointment and promotion. Any transfer from one job to another job would become an accounting procedure.

e) **Broad pay bands for classification levels to facilitate performance pay.**

The Task Force believes that if managers are to be truly accountable, they have to be truly accountable for compensation. Broader pay bands can allow for the development of performance pay systems, under which managers will be able to reward productive workers . This provision will give managers more ownership of the classification and pay system.

f) **Retain the existing group/union affiliation whenever possible.**

The Task Force is of the view that, in order to provide for stability in the redesign of the classification system and to acknowledge that certain occupational groups have indeed become clearly identifiable and distinct occupations, to the extent possible and without endangering the principle of families of jobs or natural groupings functions, existing collective bargaining relationships should be retained.

THE NEW GROUP STRUCTURE

EXECUTIVE GROUP

The new EXECUTIVE GROUP will combine the existing Senior Management and Executive Group of the Management Category. The EXECUTIVE GROUP will comprise senior personnel who provide policy development and advising expertise as well as those who exercise managerial functions. The Task Force is also recommending that the Hay Plan be retained as the job evaluation plan, subject to establishing equivalencies for senior professional jobs. There is a strong perception among Public Service managers that inequities persist in the value assigned (as determined by the current classification level): to regional jobs when compared with departmental headquarters and central agency jobs; to operational management positions when compared to policy/advisory ones and to positions in socially-oriented departments when compared with others in economic/business-oriented departments. The Task Force, therefore, strongly supports the study that Treasury Board is undertaking to analyse these positions to determine if these perceptions are real. The Task Force is recommending a 3-level structure instead of the current 6-level structure, combining SM with EX-1, EX-2 with EX-3 and EX-4 with EX-5. It believes that there are no more than 3 truly discernible levels of responsibility and accountability in executive jobs of the Public Service. The Task Force on the Management Category has addressed this issue and concurs with this recommendation.

ADMINISTRATION GROUP

This new occupational group would be composed of jobs and regulatory activities which a) through a variety of government programs provide services to the public; and b) are involved in the internal management of the Public Service, including office management and support activities, communications, data processing, and information management. This new group would combine the existing Administrative Services, Financial Administration, Personnel Administration, Information Services, Program Administration, Organization and Methods, Purchasing, Welfare Programs, Clerical and Regulatory, Secretarial, Stenographic and Typing, Communications, Data Processing, Office Equipment, Social Science Support, and Library Sciences groups. The Task Force believes that there are no more than 5 or 6 levels of work in this group. It favors a 6-level structure for ease of conversion of existing groups/levels into the new structure.

Combining the existing levels of all of these groups into a 6-level structure with the 3 levels in the new EXECUTIVE group will result in a 9-level structure from the lowest clerical job to an Assistant Deputy Minister position. This reduction of levels will facilitate that responsibility and authority for decision making is delegated to the lowest level possible. This will enable departmental management to effectively delayer its decision-making process and will provide front-line employees with greater freedom of action and decision making. It will also remove the artificial distinction that currently exists between "officers" and "clerical workers".

Suggestions were made that regulatory or enforcement functions; (e.g. Custom and Investigation Officers, Fisheries Officers) should be combined into a separate group. The arguments for such a move are not strong enough to justify the benefits of keeping them out of the administration stream.

OPERATIONAL GROUP

This new group would combine the existing Firefighters, General Labour and Trades, General Services, Hospital Services, Heating and Power, Lightkeepers Ship Crews and Ship Repair groups. This new group would have 6 sub-groups: 1. an Operational sub-group, with a 7-level structure to cover those occupations that are not identifiable trades; 2. a Trades sub-group, which would contain all identifiable trades by job titles and treat them as separate classifications; 3. a Firefighter sub-group with the same structure as at present; 4. a Lightkeepers sub-group with the same structure as at present; 5. a Ship Crews sub-group with the same structure as at present, and 6. a Ship Repair sub-group with the same structure as at present. This type of structure would allow utmost flexibility in establishing compensation for this group.

TECHNICAL GROUP

This new group would combine the existing Drafting and Illustration group, Engineering Support group, General Technical, Photography, Technical Inspection and Primary Products Inspection and shore based marine radio operators. The nature of the work environment, working conditions, collective bargaining terms and conditions including benefits, all indicate a community of interests for members of this group. These existing occupational groups are largely engaged in the conduct of analytical, experimental and investigative duties in natural and physical sciences, the preparation, inspection and measurement of biological, chemical and physical substances and materials, the design, construction, inspection and operation of complex equipment, systems and processes in which the knowledge and skills requirements are normally acquired through completion of secondary school and specialized training. The Task Force is recommending that a 5-level structure be studied for this group.

CORRECTIONAL GROUP

The Task Force is of the view that because of the specific nature of positions and the work being performed at correctional institutions across Canada, the Correctional Service could be a separate employer which would allow the combination of occupations, professions and functions performed at these institutions into a new classification group. Existing groups within institutions share commonality of interest, very similar working conditions, including terms of employment and benefits, and similar career advancement and job interests. The new group would be governed by one classification pay plan. This department-specific group would combine all functions and jobs dealing with inmates into one group.

COMPUTER SYSTEMS GROUP

The Task Force is recommending no change to this group. A limited community of interest, its emergence and growth as a new profession and a discernible competitive outside market support this grouping.

SCIENCES GROUP

This new group would combine the existing Physical Sciences, Chemistry, Biological Sciences, Forestry, Meteorology, Scientific Regulation, and Agriculture groups. These groups are largely engaged in the application of a comprehensive body of knowledge acquired through university education. Members of these groups are involved in the application of knowledge and principles and the exercise of skills specific to a comprehensive body of knowledge or profession. For instance, the Chemistry group is largely involved in the analysis, interpretation, classification, measurement and survey of the chemical composition, properties and behaviour of matter while members of the Biological Sciences group analyze, identify, interpret, classify, measure, survey and manage biological resources, organisms or systems. The application of a comprehensive body of knowledge is the most important requirement in achieving the main objectives of the scientist. Similarly, persons in the Agriculture group are involved in the promotion, development and regulation of the agricultural industry and trade and require the application of a comprehensive knowledge of agriculture in the performance of their duties. The Task Force is recommending that a new Science group be created which would have a 5-level group structure.

AUDITING GROUP

The Task Force is recommending no change as this group is essentially department-specific, most employees being located in the Department of National Revenue, either within Customs and Excise or Taxation. In terms of simplifying the existing classification structure the Task Force is recommending that this group be structured along 5 levels.

SOCIAL SCIENCES GROUP

This new group would combine employees involved in the conduct of economic, socio-economic and sociological analyses and studies in support of government programs and policies. It would also include those involved in the development, application and evaluation of statistical and survey methods and measures for data analysis and reporting. To a large extent the existing Economics, Sociology and Statistics group, the Mathematics group, the Actuarial Science group and the Social Science Support group are involved in these activities. A 5-level structure is recommended for this group. In relation to the Social Sciences Support (SI) group, members can be allocated, on the basis of the duties they are performing, either to the new ADMINISTRATION group or to this group.

SHIP OFFICERS GROUP

The Task Force is recommending no change to this group.

ARCHITECTURE/ENGINEERING GROUP

This new group would combine the existing Architecture and Town Planning and the Engineering and Land Survey groups. Positions in these groups are those that require the application of a comprehensive knowledge of architecture and engineering in the performance of duties normally involved with the planning, and design of new construction and alterations to existing structures, or the planning design, construction, installation or maintenance of buildings, structures, transportation and other systems. Membership in these groups is based on academic qualifications and accreditation by professional groups in which membership in Canada is generally controlled by legally established licensing bodies. The Task Force is recommending a 5-level structure.

RESEARCH GROUP

This new group would combine the existing Scientific Research, Defence Scientist and Historical Research groups. Essentially these 3 groups are involved in the conduct and management of research and development projects in the natural or social sciences. The Task Force is recommending a 5-level structure based on personal qualifications and performance. Appointment-to-level is a standard feature of positions in this group. The members of this group are compensated and recognized for their knowledge and skills rather than for the duties that have to be performed. Also recommended is that the management of these activities remain within the RESEARCH group and not be included in the redefined EXECUTIVE group. This would enable research managers to maintain a closer relationship with their scientific endeavours as opposed to being required to withdraw from their profession for the time that they are performing management functions. Remaining within the group will allow managers to maintain their scientific and professional status.

ELECTRONICS GROUP

The Task Force recommends that this group be retained. A 5-level structure should be considered.

AIR TRAFFIC SAFETY GROUP

The new Air Traffic Safety group would combine the existing Air Traffic Controllers , Radio Operators, Flight Service Specialists and Operational Support Services which are currently GT's and CR's in Transport Canada (that is, those employees involved in the provision of communications to aircraft). These positions are involved in the provision of services to ensure safe and expeditious movement of aircraft and such a grouping would improve career development opportunities and more efficient utilization of resources. The Task Force is recommending a 5-level structure. There is a commonality of interest among these occupational groups as well as similar working conditions.

HEALTH CARE GROUP

This new group would combine the existing Home Economics, Nursing, Pharmacy, Social Worker, Occupational Therapy, Psychology, Dentistry and Medicine groups. These groups are largely involved in the promotion of public and individual health, the prevention and treatment of diseases, the management of illness, and the development and implementation of programs to promote health. The working environments are very similar, the conditions of employment equally similar and the community of interest, including the upgrading and the maintenance of professional skills, equally necessary. The Task Force is recommending that a 5-level structure be established for all except for Dentistry and Medicine. They could be separate sub-groups because of their separate professional licensing and educational requirements and specific compensation needs.

EDUCATION GROUP

This new group would combine the existing Education, University Teaching and Education Support groups. This new group combines employees who are involved in teaching at the primary, secondary or university level. They are all involved in the application of teaching methods and techniques acquired with specialized professional training. Given the nature of duties performed, there is a commonality of interest in terms of maintaining professional skills within these groups. Compensation for these groups is based on performance and appointment-to-level would be an appropriate staffing process. The Task Force is recommending a 5-level structure based on personal qualifications and performance.

COMMERCE GROUP

The Task Force is recommending no change to this group. Its current 4-level structure should be retained.

FOREIGN SERVICE GROUP

The Task Force is of the view that a new 4-level structure should be created for this group. This would remove non-managerial foreign service jobs currently within the EXECUTIVE group of the Management Category (except for the ADM level), and would provide greater career progression for employees in this group, while recognizing that the foreign service is a distinct, separate occupation.

TRANSLATION GROUP

The Task Force is of the view that because of its department-specific nature there should be no change to this group.

PRINTING OPERATIONS GROUP

The Task Force believes that this group which is department-specific should be retained as a separate and distinct group. It is recommending that there be no classification plan (job titles only) for operations and non-supervisory jobs within this group.

LAW GROUP

The Task Force is of the opinion that there should be no change to this group (department-specific).

VETERINARY MEDICINE GROUP

The Task Force is of the view that there should be no change to this group because of its department-specific nature.

AIRCRAFT OPERATIONS GROUP

The Task Force is recommending no change to this group.

JOB EVALUATION SYSTEMS

The Task Force studied many options in relation to a job evaluation system. Uppermost in the minds of Task Force members was the need to simplify and standardize the rating system. The current system uses 1960s methodology and technology and as a result is heavily resource intensive. Further, the system must be consistent with the requirements of human rights legislation that introduced the concept of "equal pay for work of equal value". This concept requires that predominantly male groups and female groups working in the same establishment receive equal pay for work of equal value although the work may be different in nature. This obviously places great emphasis on internal relativity as the underlying principle of compensation. The Task Force feels that its recommendation to combine groups and reduce levels will greatly help the pay equity question. However, the existing classification system does not respond to pay equity issues. Because of the number of classification standards and plans, cross-group comparisons required to deal with pay equity matters cannot be made unless a common classification plan is used.

The answer lies in a new rating plan which would support the concept of equal pay for work of equal value and rely on internal relativity as the underlying principle of compensation in the Public Service. It must be realistic and responsive to the needs of the 1990s. In reference to the Canadian Human Rights Act, the rating plan must contain 4 factors that make up the composite and the measurement of value of relative jobs: "skill", which refers to the intellectual and physical qualifications acquired by experience, training, education or natural ability; "effort", which is intellectual and physical effort; "responsibility", which is the extent of responsibility of the employee for technical, financial and human resources; and "working conditions", which include the physical and psychological work environments including noise, temperature, isolation, physical danger, health hazard and stress.

For each new occupational group these factors will be present in the rating plan. Within a new occupational group, under each factor the rating scale and its contents will be structured to measure the significant differences that are applicable to the group. The rating scales and their description can therefore vary from group to group. We recommend the introduction of a plan based on these four factors for all the groups except for the new EXECUTIVE group; RESEARCH group; LAW group, FOREIGN SERVICE group; PRINTING OPERATIONS group; and the Trades, and Ship Repairs sub-groups of the new OPERATIONAL Group. We expect, however, that with the work that has taken place in a number of jurisdictions in recent years, a plan can be put in place within 24 months. The actual design of this new job rating plan will need to be left to the experts.

The efficiency of this new system will be greatly enhanced if it is automated. The use of specific forms not exceeding 3 pages will provide for most job descriptions and facilitate automation. This is essential for the sake of simplicity, capturing the essential requirement of jobs, reducing time and effort and discouraging the reclassification game. This is an attitudinal requirement as much as a system requirement.

IMPLICATIONS

Legislative Changes

The Public Service Staff Relations Act will have to be amended to remove all references to occupational categories, and retain only references to occupational groups. It will be critical, in order to simplify not only the classification process but also the process of collective bargaining, that bargaining units be determined by occupational group and sub-group definition. The Public Service Staff Relations Act should also continue to contain a provision to allow for a council of unions to represent a bargaining unit.

Staffing System Changes

A simplified occupational group structure with a reduced number of levels and with the authority to deploy staff within a level will significantly reduce the number of staffing actions involved in promotions and intergroup transfers or lateral appointments. It is estimated that staffing activity will be reduced by up to two-thirds.

Staff Relations

Regrouping the existing 72 occupational groups into 23 will have an impact on some bargaining agents. For instance, the following bargaining units would all be affected by the regrouping: AI, FI, ES, LS, MA, SI, EDS, ED, RO. A large number of bargaining units would also have to be combined; for example, in the ADMINISTRATION group, 13 existing units would be integrated into one. In addition, the Task Force recognizes that certain groups proposed for inclusion in this new group (UT, PE, OM) have been excluded from collective bargaining since the inception of the PSSRA. The appropriateness of continuing this exclusion will need to be reviewed. If this exclusion (whole or in part) is to remain, then the exclusion status should be similar to "managerial exclusions" currently found in the PSSRA.

The restructuring of occupational groups will streamline the bargaining process. There will be fewer bargaining units for which negotiations will be required, and there will be fewer rates of pay to negotiate and less protracted negotiations for other groups.

It is difficult to assess the impact of large bargaining units on government operations. Currently, negotiations take place for a number of bargaining units at the same time. While it is believed that it will be more difficult for a particular bargaining agent to encourage a large unit of employees to strike, nonetheless, such a large unit would pose problems if its members chose the strike route. On the other hand, the government would be more vulnerable to strikes if certain key bargaining units (CR, PM) were left intact since these have the potential effect of crippling operations because of the strategic function they perform within the operations of government.

All unions have stated that classification should be bargainable. The unions recognized that it is the responsibility of management to assign duties to positions and set out the organization of work. The Task Force believes that with a common job evaluation system, it would be an overwhelming task to negotiate its content and application with some 15 bargaining agents. It is to management's advantage to develop a fair and effective classification plan. Therefore, the job evaluation system and the number of levels for each group should not be bargainable. Management should also define which positions go into which occupational group - subject to review by the Public Service Staff Relations Board - for collective bargaining purposes. However, from that point on, management and the union could jointly agree on the evaluation of a position to a level and the handling of grievances against such decisions could become adjudicable. Such a move would strengthen the ownership of the classification process by unions and employees and make it more transparent.

Compensation

Reducing the number of occupational groups and the number of levels within a particular group is linked with the introduction of broader pay bands and should be conducive to the potential application of performance rewards or pay.

CONSULTATIONS THAT HAVE TAKEN PLACE

The Task Force met at least once with all bargaining agents and in some cases, several times. It also received a number of written representations. While bargaining agents agree in principle that there is a need for simplification and restructuring of occupational groups, they do not want it to be at the expense of their bargaining units. Bargaining agents such as APSFA and CAPRO are strongly opposed to the proposed regrouping affecting them. If there is to be an amalgamation of a bargaining unit with bargaining units that belong to another bargaining agent, the unions so affected do not want this amalgamation to be a forced one. They support a free certification vote. Most unions do not want to be left out in the cold when it comes to the final restructuring. All have stated that they want the new structure to be a negotiated one.

CONVERSION TO THE NEW STRUCTURE

The conversion of 72 occupational groups into 23 will require time and effort. The Task Force recommends, on conversion,

a) Employees in positions at current salary ranges which are higher than the maximum of the new range shall be salary protected;

b) Employees who are not at the maximum of their old salary range would remain in that range until they reach the current maximum;

c) Employees at the maximum of their range would be placed in the new range at a rate of pay equal to their current rate of pay (the maximum of their old rate) or at the next higher rate in the new range.

The Task Force sees the conversion as moving existing classifications to the new levels (the Task Force has recommended the number of levels for the new groups it has formed) on a date which takes into account the renewal of the existing collective agreements.

Once conversion has taken place, the job evaluation rating plan can be applied, using benchmarks representative of each of the levels in a group.

Over time, each position description would be rewritten (3 pages) and rated to confirm its level or to change the level if conversion resulted in a wrong placement.

The Task Force feels strongly that this approach is faster, more economical and more certain for staff than the traditional BCR (1965-1970) type of exercise which would require developing the rating plan, evaluating all jobs (with new job descriptions) and then converting them to the new plan, a process which could take up to 5 years to complete.

IMPACT ON THE SIZE OF THE PUBLIC SERVICE

The Task Force sees some of its recommendations as potentially having an impact on the organization of work in the Public Service and reducing the volume and nature of work involved in human resource management as currently done by managers and personnel staff. This may result in shifting resources to provide better service to the public. Resources will be released as a result of delayering (reduction in managerial and supervisory positions) and the reduction of classification and staffing activity.

OPERATIONAL IMPACT

The reduction in levels in virtually all groups will require a rethinking of the organizational structures in many departments. Managerial and supervisory levels will be reduced, and more authority will be shifted to the working levels. We see this as positive, as a way to provide job enrichment for staff and a more effective delivery of work. The reduction of classification and staffing activity will remove a large number of bureaucratic constraints and delays, reduce costs and liberate resources that can be oriented toward better service to the public.

The introduction of performance rewards or pay at levels below the Executive group will create more work in the management of the appraisal process, and could lead to more grievances. However, it will strengthen the human resources process, make managers more accountable for their staff and result in better human resource management.

PARLIAMENTARY IMPACT

Changes to the Public Service Staff Relations Act will be required.

UNION IMPACT

The major union impact will be for those bargaining units affected by the regrouping, if the occupational group structures remain the prime criteria for the certification of bargaining agents. Particularly affected are the Association of Public Service Financial Administrators representing the FI group, which is to be combined with new Administration group, and the Canadian Association of Radio Operators, representing the RO group, which according to the recommendation will be split between the Air Traffic Safety and Technical groups.

IMPACT ON EMPLOYEE MORALE

The Task Force feels that its recommendations will open up more possibilities of job enrichment, staff development, performance pay, delayering, greater authority and accountability to the working level and the substantial reduction in the frustration involved in the classification and staffing systems.

As a result of combining groups and reducing the number of levels, many managers and employees will have to rethink their approach to their jobs and careers. Some may be demoralized because they have been combined with other groups or assigned a "lower level", even though their compensation has not been affected. Because of the reduction in classification and staffing activity, the work load in the human resources field will be reduced, leading to a potential reduction of person years and reallocation of these resources.

CONCLUSION

Renewal of the Public Service provides an opportunity to simplify and improve existing personnel systems to make them more relevant to human resource management in the 90s. Reducing the number of groups and classification levels will result in a more efficient and effective management process for Public Service managers and employees, redesign of jobs, recognition of multiple skills, enhance career development, improvement of morale by allocating increased responsibility and authority to front-line employees, and flatter organizations with better communications between management and front-line workers. Greater energies will be expended on "getting on with the job" rather than "playing the system".

RECOMMENDATIONS

The Task Force recommends the following:

1. Abolish the existing 6 occupational categories.

2. Establish 23 distinct occupational groups and 8 sub-groups by combining the existing 72 groups and 106 sub-groups as follows:

PROPOSED NEW GROUPS

NEW	SUB-GROUPS	NUMBER OF LEVELS	FORMER
EXECUTIVE		3	Senior Management Executive Group
ADMINISTRATION		6	Administrative Services Financial Administration Personnel Administration Information Services Program Administration Organization and Methods Purchasing Welfare Programs Clerical and Regulatory Secretarial Stenographic and Typing Communications Data Processing Office Equipment Social Science Support Library Sciences
OPERATIONAL	Firefighters Trades Skilled Lightkeepers Ship Repairs Ships Crews	7	Firefighters General Labour and Trades General Services Hospital Services Heating and Power Lightkeepers Ship Repair Ships Crews

TECHNICAL		5	Drafting and Illustration Engineering Support General Technical Photography Technical Inspection Primary Products Inspection Radio Operators
CORRECTIONAL		2	No change
COMPUTER SYSTEMS		5	No Change
SCIENCES		5	Physical Sciences Chemistry Biological Sciences Forestry Meteorology Scientific Regulation Agriculture
AUDITING		5	No change
SOCIAL SCIENCES		5	Economics, Sociology and Statistics Mathematics Actuarial Science Social Science Support
SHIP OFFICERS		5	Ship Officers
ARCHITECTURE/ ENGINEERING		5	Architecture and Town Planning Engineering and Land Survey
RESEARCH		5	Scientific Research Defence Scientist Historical Research
ELECTRONICS		5	No change
AIR TRAFFIC SAFETY		5	Air Traffic Control Radio Operations
HEALTH CARE	Dentistry Medicine	5	Home Economics Nursing Pharmacy Occupational Therapy Psychology Dentistry Medicine Social Worker

EDUCATION	5	Education University Teaching Education Support
COMMERCE	4	No change
FOREIGN SERVICE	4	Current FS group plus non-managerial SM/EX in External Affairs
TRANSLATION	5	No change
PRINTING OPERATIONS		No change
LAW	3	No change
VETERINARY MEDICINE	5	No change
AIRCRAFT OPERATIONS	5	No change

3. a) A common job rating plan will apply to all occupational groups except for the Executive, Research, Law, Foreign Service and Printing Operations groups. The plan will be based on the equity principles contained in the Canadian Human Rights Act.

   b) This rating plan will use 4 factors.

   c) A 3-page format shall be adopted for all job descriptions.

   d) The job rating plan shall be automated as much as possible.

4. The PSSRA shall be modified to ensure that the determination of a "bargaining unit" is based on the definition of an occupational group or sub-group.

5. The Public Service Staff Relations Act (PSSRA) should continue to define managers as being excluded from collective bargaining.

6. Conversion to the new structure should be in accordance with these principles:

   a) Employees in positions at current salary ranges which are higher than the maximum of the new range shall be salary protected;

b) employees who are not at the maximum of their old salary range would remain in that range until they reach the current maximum;

c) employees at the maximum of their range would be placed in the new range at a rate of pay equal to their current rate of pay (the maximum of their old rate) or at the next higher rate in the new range.

ANNEXES

I.	List of Members	
II.	Current Occupational groups and Sub-groups	
III.	Current Bargaining Agents and Bargaining Units	March 1990
IV.	Proposed new Occupational groupings	July 1990

ANNEX I

LIST OF MEMBERS

Robert Giroux	Public Works Canada
Jean Fournier	Secretary of State of Canada
Ole Ingstrup	Correctional Service Canada
Michel Cardinal	Public Service Commission
Treffle Lacombe	Employment and Immigration Canada
Don Goodwin	Indian and Northern Affairs
Mike Binder	Communications Canada
Francois Pouliot	Fisheries and Oceans
Lise Ouimet	Treasury Board (Resource Person)
Joe Landriault	Canadian Center for Management Development
Terry Kelleher	Public Works Canada

ANNEX II

OCCUPATIONAL GROUPS AND SUB-GROUPS

GROUPS	SUB-GROUPS
OE - Office Equipment Group	BEO Bookkeeeping Equipment Operator
	CEO Calculating Equipment Operator
	DEO Duplicating Equipment Operator
	MSE Mailing Service Equipment Operator
	MEO Microphotography Equipment Operator
ST - Secretarial, Stenographic and Typing Group	TYP Typist Sub-Group
	STN Stenographic Sub-Group
	OCE Office Composing Equipment Operator
	COR Court Reporter
	SCY Secretary
CR - Clerical and Regulatory Group	
CM - Communications Group	
DA - Data Processing Group	CON Data Conversion
	PRO Data Production
AS - Administrative Services	
AT - Administrative Trainee	
CO - Commerce	
CS - Computer Systems Administration	
FI - Financial Administration	
FS - Foreign Service Group	
IS - Information Services	
PE - Personnel Administration	
OM - Organization and Methods	
TR - Translation	
WP - Welfare Programme	
PG - Purchasing and Supply	
PM - Programme Administration Group	MCO Mediation/Conciliation Officer
MT - Meteorology	
AG - Agriculture	
NU - Nursing Group	HOS Hospital Nursing
	CHN Community Health Nursing
FO - Forestry	
HR - Historical Research	
HE - Home Economics	ADV Advisory
	DIT Dietitian
	HME Home Economist
LS - Library Science	

GROUPS	SUB-GROUPS
MA - Mathematics	
MD - Medicine	MOF Medical Officer MSP Medical Specialist
OP - Occupational and Physical Therapy	
PC - Physical Science	
SG - Scientific Regulation	SRE Scientific Regulation PEM Patent Examination
PS - Psychology	
DE - Dentistry	
ES - Economics, Sociology and Statistics	
ED - Education Group	LAT Language Teaching EST Elementary and Secondary Teaching EDS Education Services
DS - Defence Scientific Services	
EN - Engineering and Land Survey Group	ENG Engineering SUR Land Survey
LA - Law	
SE - Scientific Research	RES Research Scientist REM Research Manager
SW - Social Work	CHA Chaplain SCW Social Welfare
UT - University Teaching	
VM - Veterinary Medicine	
AC - Actuarial Science	
AR - Architecture and Town Planning	
AU - Auditing	
BI - Biological Science	
CH - Chemistry	
PH - Pharmacy	ADR Advisory DIS Dispensing
DD - Drafting	

GROUPS	SUB-GROUPS
EU - Educational Support	LAL Language Instructor
	PEL Physical Education Instructor
	TEA Teacher's Aid
EL - Electronics	
EG - Engineering and Scientific Support	
GT - General Technical	
TI - Technical Inspection	
AO - Aircraft Operations	CIA Civil Aviation Inspector
	HPS Helicopter Pilots and Supervisors
	ETP Engineering Test Pilots
AI - Air Traffic Control	
PY - Photography	
SI - Social Science Support	
PI - Primary Products Inspectors	GGC Grain Inspection
RO - Radio Operations	
SO - Ships Officers	MAO Marine Operations
	FLP Floating Plant
	RAD Radio
	INS Instructor
CX - Correctional Group	STI Staff Inspector
	COF Custodial
	LUF Living Unit
GL - General Labour & Trades	ELT Elemental
	MAN Manipulating
	MDO Machine Driving/Operating
	MOC Machine Operating/Controlling
	PRW Precision Working
	PCI Painting & Construction Finishing
	AMD Ammunition Working
	AIM Aircraft Maintaining
	INM Instrument Maintaining
	MAM Machinery Maintaining
	VHE Vehicle & Heavy Equipment Maintaining
	BOB Boiler Making/Blacksmithing
	EIM Electrical Installing & Maintaining
	PIP Pipefitting
	SMW Sheet Metal Working
	WOW Woodworking
	MET Metal Machining
	GHW Grain Handling and Weighing
	COI Construction Inspection

GROUPS	SUB-GROUPS
PR - Printing Operations	BIN Bindery
	COM Composition
	OFE Pre-Press Preparation
	OFO Press Operation
	MAI Maintenance
	PRC Job Planning and Control
	SES Senior Supervisor
FR - Firefighters	
GS - General Services	
HP - Heating Power and Stationary Plant Operations	
HS - Hospital Services	
LI - Lightkeepers	
SC - Ships Crews	PED Deck Department
	ERD Engine Room Department
	EQO Equipment Operating Department
	SPT Specialist Trades Department
	STD Supply Department
SR - Ship Repair	ELE Elemental
	MAT Machine Tending
	MAN Manipulating
	MDO Machine Driving/Operating
	MOC Machine Operating/Controlling
	SPS Ship Painting and Surface Protecting
	PRW Precision Working
	INM Instrument Maintaining
	MAM Machinery Maintaining
	EME Engine & Mechanical Equipment Maintaining
	BOB Boiler Making/Blacksmithing
	EEW Electrical & Electronic Working
	PIP Pipe Fitting
	SNW Sheet-Metal Working
	WOW Woodworking
	MAC Machine and Tool Making
	QCW Quality Control & Weapons Examining
	PLE Planning and Estimating
	MGT Management
SM - Senior Management	
EX - Executive Group	

ANNEX III

BARGAINING AGENTS AS OF DECEMBER 31, 1989

BUD		NO. OF EMPLOYEES		EXPIRY
CODE	BARGAINING UNIT	B. UNIT	EXCLU.	DATES
1.	**PUBLIC SERVICE ALLIANCE OF CANADA (PSAC)**			
209	Education	1,661	94	30.11.89
215	Library Science	480	44	31.03.91
301	Administrative Services	9,008	3,247	20.06.91
305	Information Services	1,348	126	23.06.91
308	Programme Administration	25,536	2,796	20.06.91
309	Purchasing and Supply	2,182	185	21.06.91
310	Welfare Programmes	1,493	136	23.11.91
403	Drafting & Illustration	1,531	16	13.03.91
405	Engineering & Scientific Support	6,980	92	21.06.91
406	General Technical	3,155	128	21.06.91
407	Photography	130	0	15.03.91
408	Primary Products Inspection	2,691	41	26.04.91
412	Social Science Support	2,175	106	21.06.91
413	Technical Inspection	1,392	94	21.06.91
414	Educational Support	21	0	28.02.91
501	Communications	572	13	21.06.91
502	Data Processing	2,535	52	28.08.91
503	Clerical & Regulatory	49,970	1,597	11.06.91
504	Office Equipment	326	18	08.05.91
505	Secretarial, Stenographic & Typing	11,311	2,210	21.07.91
651	Correctional (S)	473	5	31.05.91
601	Correctional (NS)	4,382	0	31.05.91
652	Firefighters (S)	218	26	30.06.91
602	Firefighters (NS)	1,065	13	30.06.91
653	General Labour & Trades (S)	1,636	39	04.05.91
603	General Labour & Trades (NS)	13,006	33	04.05.91
654	General Services (S)	1,316	6	04.08.91
604	General Services (NS)	7,995	34	04.08.91
655	Heating Power & Stat. Pl., Oper. (S)	181	1	06.04.91
605	Heating Power & Stat. Pl., Oper. (NS)	1,475	4	06.04.91
656	Hospital Services (S)	71	0	21.12.87
606	Hospital Services (NS)	1,205	1	21.12.87
657	Lightkeepers (S)	83	0	19.06.91
607	Lightkeepers (NS)	158	0	19.06.91
659	Printing Operations (S)	76	13	31.08.90
662	Ships' Crews (S)	39	0	31.12.87
612	Ships' Cres (NS)	2,167	5	31.12.87
	TOTAL	159,863	11,175	

March 7, 1990

	BUD		NO. OF EMPLOYEES		EXPIRY
	CODE	BARGAINING UNIT	B. UNIT	EXCLU.	DATES
2.	**PROFESSIONAL INSTITUTE OF THE PUBLIC SERVICE OF CANADA (PIPSC)**				
	201	Actuarial Science	3	0	30.09.90
	202	Agriculture	261	39	30.09.90
	203	Architecture & Town Plan.	306	17	31.12.90
	204	Auditing	3,541	325	04.05.90
	205	Biological Science	1,151	42	30.09.90
	206	Chemistry	420	16	21.12.89
	207	Dentistry	30	1	30.09.90
	210	Engineering & Land Survey	2,717	216	31.08.90
	211	Forestry	148	2	30.09.90
	212	Historical Research	308	7	30.09.90
	213	Home Economics	32	1	30.09.90
	214	Law	35	978	28.02.91
	216	Mathematics	213	6	30.09.90
	217	Medicine	221	66	17.03.91
	218	Meteorology	602	32	31.12.89
	219	Nursing	1,542	80	30.09.90
	220	Occupational & Physical Therapy	35	2	30.09.90
	221	Pharmacy	64	1	30.09.90
	222	Physical Science	886	32	15.06.90
	223	Psychology	145	3	30.09.90
	224	Scientific Regulation	392	30	30.09.90
	225	Scientific Research	2,078	104	30.09.90
	226	Social Work	104	4	30.09.90
	228	Veterinary Medicine	590	37	30.09.90
	229	Defence Scientific Service	529	54	30.09.90
	230	Patent Examination	119	7	01.02.90
	303	Computer Systems Administration	4,439	146	30.04.90
	311	Commerce	1,934	5	21.06.90
		TOTAL	22,845	2,304	
3.	**INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW)**				
	404	Electronics	2,842	108	31.08.91
4.	**ECONOMISTS', SOCIOLOGISTS' AND STATISTICIANS' ASSOCIATIONS (ESSA)**				
	208	Economics, Sociology and Statistics	2,484	71	15.02.90
5.	**CANADIAN AIR TRAFFIC CONTROL ASSOCIATION (CATCA)**				
	402	Air Traffic Control	1,881	158	31.12.90

March 7, 1990

	BUD CODE	BARGAINING UNIT	NO. OF EMPLOYEES B. UNIT	EXCLU.	EXPIRY DATES
6.		**CANADIAN MERCHANT SERVICE GUILD (CMSG)**			
	410	Ship Officers	1,363	116	31.08.90
7.		**FEDERAL GOVERNMENT DOCKYARD, TRADES, AND LABOUR COUNCIL EAST (DTLC)**			
	611	Ship Repair	1,220	58	31.12.90
8.		**CANADIAN ASSOCIATION OF PROFESSIONAL RADIO OPERATIONS (CAPRO)**			
	409	Radio Operations	1,111	144	30.04.92
9.		**CANADIAN UNION OF PROFESSIONAL AND TECHNICAL EMPLOYEES (CUPTE)**			
	313	Translation	990	96	18.04.90
10.		**COUNCIL OF GRAPHIC ARTS UNION (CGAU)**			
	609	Printing Operations (NS)	932	5	31.08.90
11.		**FOREIGN SERVICE OFFICER (PAFSO)**			
	312	Foreign Service	1,080	72	30.04.91
12.		**FEDERAL GOVERNMENT DOCKYARD, TRADES AND LABOUR COUNCIL ESQUIMALT (WEST) (DTLC)**			
	614	Ship Repair	858	36	31.05.90
13.		**AIRCRAFT OPERATIONS GROUP ASSOCIATION (AOGA)**			
	401	Aircraft Operations	555	55	25.10.92
14.		**FEDERAL GOVERNMENT DOCKYARDS CHARGEHANDS ASSOCIATION (FGDCA)**			
	663	Ship Repair (Chargehands)	112	0	31.03.91
15.		**ASSOCIATION OF PUBLIC SERVICE FINANCIAL ADMINISTRATORS (APSFA)**			
	304	Financial Administration	2,209	424	06.11.91

March 7, 1990

ANNEX IV

PROPOSED NEW GROUPS

New Group	Former Groups	Employees as of Dec. 31,1989
EXECUTIVE	EX, SM	4,632
ADMINISTRATIVE	AS, FI, PE, IS, PM, OM, PG, WP, CR, ST, CM, DA, OE, SI, LS	116,843
OPERATIONAL	FR,GL, GS, HS, HP, LI, SR, SC	30,688
TECHNICAL	DD, EG, GT, PY, TI, PI, RO	16,230
CORRECTIONAL	CX	4,689
COMPUTER SYSTEMS	CS	4,552
SCIENCES	PC, CH, BI, FO, MT, SG, AG	4,070
AUDITING	AU	3,782
SOCIAL SCIENCES	ES, MA, AC, SI	3,760
SHIPS OFFICERS	SO	1,394
ARCHITECTURE / ENGINEERING	AR, EN	3,179
RESEARCH	SE, DS, HR	3,045
ELECTRONICS	EL	2,939
AIR TRAFFIC SAFETY	AI, RO	2,639
HEALTH CARE	HE, NU, OP, PS, DE, MD, SW, PH	2,167
EDUCATION	ED, UT, EU	2,099
COMMERCE	CO	1,931
FOREIGN SERVICE	FS	1,126
TRANSLATION	TR	1,036
PRINTING OPERATIONS	PR, PR-SUP	1,025
LAW	LA	988
VETERINARY MEDICINE	VM	615
AIRCRAFT OPERATIONS	AO	607

July 20, 1990

FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON STAFFING

August 8, 1990

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Executive Summary

The objective of the Task Force on Staffing was to determine how the staffing system could be made more consistent with the vision of the public service that was described in the Prime Minister's announcement of PS 2000. The primary approach of the Task Force was consultative. It met with employees and managers at all levels of the public service and staffing specialists to discuss what is wrong with the staffing system and how it could be improved. In addition, it invited all unions to meet informally with the Task Force to discuss difficulties they are experiencing with the current system and to react to the statement of principles on which the Task Force would be basing its recommendations.

The Task Force began by examining the staffing system as a whole. The picture that emerged was that of a system that has failed to earn the support of the people who use it. Managers feel little ownership of the system and they generally do not understand its specific provisions. Employees are suspicious of its integrity. While this lack of support is in part a result of the various flaws in the individual components of the system, it is far more the result of the administrative culture in which the system is embedded: a culture characterised by an over-reliance on rules rather than a common sense and judgement; a culture in which managers rely too much on specialists to interpret the rules and therefore feel little sense of direct responsibility for the staffing process.

The rigidity of the staffing system was traced to the current legislation which prescribes specific administrative procedures, to previous attempts to improve the system by prescribing rules to guide public servants in situations where there are competing objectives for human resource management and to the selection and training of staffing specialists which in the past has emphasized the rule-based nature of the system.

The Task Force concluded that the staffing system needs to be transformed into one in which managers have the responsibility to use their judgment within a framework of general policies and guidelines and are subsequently held accountable for the staffing process and their staffing decisions. It recognized that to do so will require **legislative amendment**. It believes, however, that the process of change can begin immediately even though the really fundamental changes envisaged in the system must await a new statute.

Six principles for the overall staffing system were identified by the Task Force. These are:

- It has sufficient flexibility to respond to the human resource needs of departments to support them in fulfilling their responsibilities to the Canadian public.
- It contributes to a highly competent public service.
- It presents no systemic barriers to a representative public service and can respond to policies regarding the correction of representation imbalances.
- It meets the requirements of fairness and administrative due process.
- It requires that the recruitment and promotion of public servants be free from political, bureaucratic or personal patronage.
- It is simple and efficient to operate.

The Task Force then addressed the individual elements of the staffing system:

The Task Force concluded that the decision of when to recruit should be departmental, but that above the entry-level, promotion from within should continue to be the norm. The **process of recruitment** should continue to be the responsibility of the parliamentary agency. Recruitment should become faster and more responsive to the particular circumstances of individual recruitment actions or campaigns. In keeping with the Task Force's commitment to the concept of a career public service, it concluded that the selection of recruits should reflect the long term needs of the public service rather than just the immediate needs of the initial job to which a recruit is appointed.

The Task Force recommended that managers receive more support and information on the use of **probation** following recruitment and that rejection on probation be more often used in those circumstances where it is clearly warranted.

It was clear that the current uses of **term employment** go well beyond the initial intention of meeting short term labour requirements. The Task Force concluded that difficulties with the recruitment and probation process accounted in part for the unforseen use of terms, and that these difficulties should be addressed directly as described above. It also concluded that managers needed a wider variety of options under which to appoint recruits, and suggested four options: indeterminate appointments which is the preferred option, redefined part-time appointments, term employment for work that is continuous but of fixed duration, and casual appointments for work that is of short duration and unlikely to be extended. All of these categories of appointees except casuals would be recruited through the normal process and would be employed under comparable terms and conditions.

The Task Force concluded that treating **deployments** in the same way as recruitment and promotions is an obstacle to operational efficiency and inhibits the implementation of developmental plans for employees. It concluded that in most circumstances deployment to temporary or permanent jobs should be a responsibility of management which would be exercised in the context of the normal consensual relationship between employees and management. Only in the minority of situations where deployability is a precondition to operational effectiveness will deployability be a condition of employment to be exercised entirely at management discretion. To fully capitalise on the developmental opportunities that this new ease of deployment will bring to employees it was recommended that departments and the centre set up assignment offices that would help match employees seeking assignments with managers seeking employees and that departments ensure that all employees have fair access to appropriate developmental opportunities.

The Task Force explored in depth the concept of **appointment to level**. It is recommended that new legislation should permit promotion to be based on either job requirements (appointment to position) or service-wide level standards (appointment to level). The Task Force's recommendations in respect to deployment of employees described above will, when adopted, **implement the assignment to job aspect of appointment to level.**

For **promotions**, the Task Force concluded that the competitive process should continue to be the norm and that the process be conducted in a manner that is fair and transparent to employees. A wider variety of instruments for assessing candidates should be employed to increase confidence in the assessment process. The basis of selection should go beyond the specific requirements of the job being staffed to include the requirements of the occupational group at that level and the more general human resource needs of the organization.

The continued need for **recourse** was affirmed. The Task Force recommended that employees be able to appeal promotions and that their access to this right not be restricted from what it is in the current system. It believed that more openness in the form of post-competition feedback could help departments avoid appeals. In addition, it recommended that the parliamentary agency have the responsibility of prescribing corrective action as it relates to the selection process following an upheld appeal but that this not extend to the authority to determine who the successful candidate should be.

The need for more direct and more effective means to achieve **representative public service** was also affirmed and it was recommended that new legislation reflect section 15 of the Charter of Rights and Freedoms.

The implementation is the most important phase of any change process. To succeed, it needs continuing senior level commitment and, in the case of this Task Force's recommendations, it involves two major thrusts. The first thrust is the changing of the administrative culture in which the staffing system is embedded. The second thrust is the actual changing of the system of rules that have given rise to these attitudes, beliefs and roles. The system must be characterised by integrity, be principles-driven and based on a minimum set of policies and guidelines rather than by rules. Managers must know the policies and guidelines and be held accountable for using their judgement in a manner that applies these general policies to individual circumstances. Personnel specialists must support managers in this role.

It was felt that with these changes, the staffing system would become fairer, more equitable and more responsive and therefore more able to supply the public service the quality of employees needed to meet our responsibilities in serving the public and the government of the day.

INTRODUCTION

INTRODUCTION

The objective of Public Service 2000, as announced by the Prime Minister is, to foster a public service that:

- is professional, highly-qualified, non-partisan and imbued with a mission of service to the public;
- recognizes its employees as assets to be valued and developed;
- places as much authority as possible in the hands of front-line employees and managers; and
- provides scope for different organizational forms to meet differing needs, but in the context of a single Public Service.

This report presents the final recommendations of the PS 2000 Task Force on Staffing, which conducted its work over an eight month time period which started in December 1989. The mandate of the Task Force was to examine the design and administration of staffing and to suggest changes which would give effect to the objectives of PS 2000.

The public service is an organization that conducts its work through people. The capacity of the public service to serve the government and the public is dependent on the ability of the staffing system to resource the public service with the right people. It was from this perspective of the importance of our employees and of the staffing system that the Task Force undertook its work.

Although the Task Force examined statistics, policies and legislation, its approach to its mandate has been largely consultative. Individual public servants, groups of public servants, staffing specialists, and organizations directly affected by particular provisions of the staffing act were all consulted for their advice as to what is wrong with the staffing system and how it could be improved. All union leaders were invited to meet informally with the Task Force to discuss not only difficulties they are experiencing with the current system but, as well, obtain their reaction to the principles on which the Task Force would be basing its recommendations.

Twenty three focus groups were conducted nationally, with randomly selected public servants at all organizational levels from a wide range of departments. In these focus groups all of the Task Force's proposals were discussed in detail. In addition to the focus groups, members of the Task Force on Staffing frequently consulted with managers and employees in their departments, and special focus groups were conducted on particular topics such as term employment and appointment to level.

These groups had many useful ideas and suggestions which are reflected in the report that follows. However, what was most striking in the focus groups was the dedication, commitment and good faith of employees at all levels. One inevitably left these focus groups across the country with a sense of pride for being the colleague of these public servants.

Meeting with the focus groups also helped the task force develop a strong sense of the possibility of change. There was little doubt that these public servants were ready to rise to the challenge of PS 2000 and were willing and able to take on the responsibility that it will bring.

The Task Force addressed the staffing system at two levels, both specific problems and overall problems that transcend any individual component of the staffing system.

In what follows we will first explore the staffing system as a whole and then examine its constituent elements.

THE STAFFING SYSTEM:

AN OVERVIEW

THE STAFFING SYSTEM: AN OVERVIEW

The Problem:

There are many criteria by which we could measure the success of a system, but perhaps the most revealing is the extent to which its users understand it and turn to it willingly to help them achieve their objectives. This is the most important test that the Task Force on Staffing applied to the staffing system and it is the test that the system most clearly failed.

Managers do not feel ownership of the staffing system. They talk about it as an imposed burden. They either tolerate it with ill-disguised impatience or apply their ingenuity to circumvent it.

Many managers are not aware of the specific rules of the system or of much of the thinking behind those rules. It is seen as the domain of staffing specialists and central agencies and not as the instrument of the people responsible for managing personnel: the line managers.

Many public servants at all levels of the organization share similar views. Their perception of the staffing system is that it is unduly complex, rules driven and, particularly in the area of competition, applied in an unfair fashion.

A second critical test of the success of the staffing system is the extent to which staff believe it is administered with integrity. Again, the system is often found wanting. Because managers see the system as a maze of red tape to be circumvented, employees, who see the system being circumvented, have become suspicious of its capacity to ensure fairness and, suspicious of the good faith of the managers.

The Cause:

This situation is not primarily the result of the unreasonableness of the various components of the staffing system. The Task Force examined all of the components in detail and discovered that while some are flawed, many of them do work reasonably well. Their imperfections do not explain the failure of the system to earn the support of either management or staff.

The Task Force recognizes that today's staffing system is the product of 75 years of effort to ensure integrity by means of rules. Its underlying assumption is that fair and impartial access to public service employment will be guaranteed not by holding managers accountable but by a system of rules and procedures administered by specialists.

It is the Task Force's view that the primary source of the problem is the management philosophy that underlies the current staffing system - a philosophy that favours the exercise of external control rather than the exercise of individual responsibility, a philosophy that favours error prevention rather than accountability, a philosophy that relies on rules rather than judgement.

This approach is in part a reflection of the current legislation and regulations which are prescriptive regarding administrative process and in part a reflection of the selection, training and supervision of staffing specialists which in the past have emphasized the rule-based nature of the staffing system. It has created an administrative culture that is resistant to change.

The Task Force believes that the various individual flaws in the staffing system must be addressed and this report contains many recommendations to this end. However, flaws in the system have been intelligently addressed before with only limited success in creating overall change. The staffing system is more than the sum of its parts and it is the entire approach to managing staffing that must be changed. There must be a major shift in the administrative culture in which the staffing system is embedded. Without it, individual changes to the staffing system are unlikely to have the necessary effect. The Task Force is of the opinion that this sort of change is possible and that there is a readiness throughout the system to make it work.

In summary, the Task Force recommends that the overriding objectives for changes to the staffing system must be to create a system in which managers feel personal responsibility for selecting, developing and promoting their employees and which is seen by employees as possessing integrity. This change requires a shift in administrative culture away from an over-reliance on rules.

The Context:

The staffing system succeeds when it helps achieve the overall objectives of public sector human resource management. It is by understanding the objectives of the staffing system in the context of the overall human resource management objectives that the direction for improvement can be determined. In what follows, some of the objectives of human resource management are described in the context of the role that staffing plays in them.

The first objective is to **provide the best possible service to the public and to the government of the day** - it is the raison d'être of the Public Service. It is also the raison d'être of the staffing system. The type of people we recruit, the type of behaviour we reward with promotion, and the ease with which we deploy staff to respond to client needs will have a very large impact on our performance as a service organization.

The second objective is to **provide our employees with a positive human environment in which to work.** It includes several overlapping elements. A positive environment is one in which employees feel they are treated fairly. It is one in which employees are treated with respect. It is an environment in which employees are not bullied or threatened. It is a workplace where employees have room to learn and develop. It is a workplace in which the meaning and importance of work being performed is made apparent to the worker. It is a workplace where the employee feels a sense of community and belonging. Clearly the manner in which decisions regarding promotions are made and explained, the extent to which deployments are used for staff development, the extent to which recourse is treated with good faith and the manner in which all other elements of the staffing system operate will have a profound impact on the extent to which the workplace is experienced as a positive human environment in which to work.

Another objective relates to the **requirements of managing in a large organization.** Appointments must be made, not just to meet operational needs of the immediate organization in which staffing is occurring, but also to respond to the requirements of the larger corporate entity. These corporate requirements can include the need to reassign staff from elsewhere in the organization, the need to provide a diversity of opportunity for staff in smaller units, and the need to invest in the development of staff with long term potential to contribute to the corporation as a whole.

In addition to these three categories of objectives for human resource management, there are obligations that come with the special nature of managing in the public service in that Public Service managers are judged publicly on their effectiveness. This also must be understood as part of the context within which the staffing system operates.

One of these obligations is in the area of **accountability**. The staffing system is not simply an administrative tool of convenience. It is based on legislation, and activities within it are subject to review by the courts. Managers in the public service must be able to report on and explain their human resource management.

Another obligation relates to **fairness of access**. The staffing system is the means by which the public has access to employment in the federal public service. It therefore must be administered in a manner that reflects the fairness and the administrative due process expected in a system that manages a public program.

A third obligation is **representativeness**. The staffing system is the means by which we determine the composition of the workforce that gives effect to much of our national public agenda. The system is therefore expected to produce a workforce that reflects the regional, linguistic, cultural and human diversity of the country.

While the list of objectives and obligations to which the staffing system must respond is long, they are generally complementary. Employees who are working in a positive environment, who feel good about themselves and feel they are valued and well treated are more likely to provide the type of responsive sensitive service required by their jobs. Similarly, employees who are providing a meaningful service in a professional manner are more likely to feel positive about their work life.

The overall organizational health of the larger corporate entity will be reflected in the effectiveness of each unit. Fairness in recruitment supports recruiting the best talent. A workforce that reflects the people it serves is better able to serve them well. And, the need for accountability encourages sound management practice.

The Solution:

The complementarity of the objectives and obligations is relatively straightforward when one considers the organization as a whole. However, the multiple objectives do lead to some difficult choices at the level of individual transactions. Service and staff development can be competing demands when you are deciding whether to use a position for developmental purposes or whether to staff it with someone who is already fully trained. Similarly, transparent fairness to employees and service to the public can be competing values when you are deciding how expeditiously to conduct an individual staffing action.

Thus, the staffing system must inevitably respond to a hierarchy of demands which at the overall level, are complementary, but at the transactional level, are often in conflict.

Responding to these demands fairly, expeditiously and in a publicly accountable fashion is the essence of the public service manager's problem and is made more difficult by a rules-oriented staffing system.

The pivotal question then in addressing the staffing system is how should we resolve these competing demands? Should there be policies, rules and regulations to guide managers when they are faced with these competing demands or should their resolution be left to individual judgement?

The temptation to write rules is strong but experience points to the problems that come with that approach. Rules cannot anticipate the enormous diversity of situations to which staffing in the public sector must apply. While the best of rules may strike the ideal balance overall, they will inevitably be off the mark in many individual circumstances. The response to situations in which the rules don't work is often to write more and more detailed rules to guide behaviour in all possible circumstances. The result is a rigid system in which specialists take over responsibility because they are the only ones who claim authority to interpret the many volumes of rules. A system in which a mark of sophisticated management is the ability to finesse around the rules. In short, the result is our current system.

What then is the alternative? It is not to give managers unfettered authority but rather to give them more responsibility. Responsibility that must be exercised in the context of a framework of general principles and policies. Responsibility to use judgement in deciding what course of action makes sense given the nature of the situation being addressed. Responsibility includes accountability for the reasonable exercise of judgement. The Implementation Section proposes an approach that will provide a framework within which this responsibility and accountability can be elaborated on and exercised.

The Task Force's recommendations on individual elements of the staffing system have been developed in the light of this approach. The recommendations for legislative change and the overall approach to implementation also reflect this approach.

In what follows, the general principles that should underlie the staffing system are first presented. Next, recommendations for changes to individual elements of the staffing system are reported and then specific recommendations for legislative change and the general proposal for an implementation strategy are presented.

GUIDING PRINCIPLES

GUIDING PRINCIPLES

The approach of the Task Force in addressing each particular element of the staffing system was to formulate the broad principles and policies within which managers would be expected to exercise their judgement when conducting staffing actions. Prior to addressing each individual element the Task Force formulated a set of principles to which the entire system should conform and which constitutes a framework within which the individual recommendations must fit.

The Task Force believes that to be successful, a staffing system must sustain the following principles:

- It has sufficient flexibility to respond to the human resource needs of departments to support them in fulfilling their responsibilities to the Canadian public and to the government of the day.
- It contributes to a highly competent public service.
- It presents no systemic barriers to a representative public service and it can respond to policies regarding the correction of representation imbalances.
- It meets the requirements of fairness and administrative due process.
- It requires that the recruitment and promotion of public servants be free from political, bureaucratic or personal patronage.
- It is simple and efficient to operate.

Matters of Balance:

Having accepted the above six principles the Task Force recognizes that within these principles any system will have to accommodate the following competing values:

- The discretion given to managers versus the requirements to be fair and open in staffing.
- Responding to immediate needs of a position versus responding to longer term needs of the organization.
- Treating staff as employees of the government as a whole versus treating them as employees only of their department.
- Maintaining a career public service versus opening the public service to new recruits at all levels.

The Task Force does not think it is possible or desirable to resolve the tension between these values but rather seeks to point to an optimal balance. It believes that:

- While the system must be fair and be seen to be fair, this should not be at the expense of the managerial discretion necessary to ensure that departmental responsibilities to the Canadian public and the government are met.
- While the candidate selected for a job will normally be capable of competently performing its duties, a key principle in selection must be the extent to which a candidate will meet the longer term needs of the public service.
- Although it is natural that managers may look first to their own organization when staffing positions, the staffing system must ensure that employees have reasonable access to government wide opportunities.

- Jobs above the entry level will normally be filled by public servants, but the system must allow for external recruitment at all levels. The decision by a manager to recruit from outside the public service at other than the entrance level must be made in the context of an appropriate balance between the immediate needs of the individual manager and the long-term needs of the public service.

In the sections that follow we examine how these principles apply to the various elements of the staffing system.

INDIVIDUAL COMPONENTS OF THE STAFFING SYSTEM

RECRUITMENT TO THE PUBLIC SERVICE

In this report, the term "recruitment" refers to those activities associated with hiring of individuals from outside the public service. In this context, there are several considerations: when to recruit, who should recruit, the basis of recruiting candidates and the whole area of speed and responsiveness. With the exception of employees at the support and junior levels, public servants perceive the current recruitment process to be too slow, cumbersome and rule-burdened. While the need for institutionalized fairness is recognized, it is felt that many procedures and levels of approval seriously hamper departments' ability to recruit competent staff. At the junior and support levels where individuals have relatively little input into recruitment decisions, the concern focuses on the impact of recruitment on individual promotional and developmental opportunities. For this reason, people at these levels place considerable emphasis on the control of the Public Service Commission in ensuring that fairness has been observed. The Task Force recommendations in this area have attempted to capture these competing concerns in a balanced reasonable way.

When to recruit

While there are occasions when operational requirements or the effectiveness of an organization requires that we recruit externally for jobs above the entry level, providing our employees with the opportunity to progress in their careers within the public service continues to be an important value and should be recognized as such in policy.

At present the legislation requires that departments seek PSC approval before recruiting above the entry level; however, management is in the best position to know when they need to recruit externally and therefore should have that responsibility.

Recommendations

1. *Limiting recruitment to the Public Service to the entry level should be recognized in policy as the norm.*

2. *The responsibility for deciding when to recruit from outside the public service above the entrance level should rest with the departments. The current legislative requirement to seek PSC approval should be removed and in the context of overall human resource management policies the employer should develop guidelines that will guide departments' decisions to initiate recruitment.*

Who should recruit?

The maintenance of a politically neutral public service continues to be an important value. The experience of other jurisdictions is that when the institutional arrangements for supporting this tradition are removed the neutrality of the public service is often eroded. One of the critical institutional arrangements for ensuring the neutrality of the public service is giving responsibility for recruitment to an agency that reports to parliament rather than to the government of the day.

Recommendation

3. *Recruitment from outside the public service at all levels should continue to be the responsibility of a parliamentary agency which is required in law to conduct recruitment in a manner that supports the political neutrality of the public service. (The possibility of delegating recruitment should however, not be precluded in the new act.)*

The Basis of Selecting Recruits

Our current Act is based on the premise that one hires into jobs not into organizations. This has led us to recruit to individual positions rather than to a public service career and to select recruits on the basis of the abilities required for the initial position rather than on the longer term requirements for public service. Most recruits do remain to pursue public service careers and are likely to hold several different positions after the initial position for which they were recruited. Recruitment decisions are investments, they should be taken on the basis of long term return rather than only immediate needs.

Recommendation

4. *Recruits should be selected not just on their ability to perform the duties of the first position to which they are recruited but also on the extent to which they respond to the long term human resource needs of the public service.*

This will sometimes entail putting greater emphasis, than has been done in the past, on candidates with long term potential. It will also sometimes entail recruitment strategies that are more rigorous and therefore less expeditious in the short run.

Speed and Responsiveness

Managers and public servants in general see the recruitment process as slow and burdened with unnecessary procedures. Employees at the more junior levels tend to focus on the impact that recruitment from outside the public service has on their promotional and developmental possibilities. Under the current system, the emphasis has tended to be on considerations as expressed by employees without an appropriate balancing concern for the needs of managers. The recommendations that follow are based on a philosophy of less rules and more judgement. While this caters to managers' needs, the trade-off is that managers will be judged on their performance in the area of fairness to their employees.

Recommendations

5. *Recruitment from outside the public service should be managerially driven, not appealable and not burdened with procedural detail. Recruitment strategies that enhance speed and efficiency and that are conducted in a manner that is responsive to the individual circumstances of each recruitment action or campaign should be the norm. Where appropriate, the successful techniques of the private sector should be adopted.*

6. *The Task Force made a number of recommendations in its interim report on actions that could be taken immediately to improve the staffing system. Some of these relate to the area of recruitment; specifically the recommendation that the Public Service Commission specify those situations in which a named referral will be considered, that the means and cost of improving the effectiveness of recruitment through more automation and direct departmental*

access be determined, that the efficiency of security screening be improved, and that the use of pools for recruiting generalists be explored. In addition to these recommendations, and in the context of paragraph 5 above, the Task Force believes that the speed and responsiveness of the recruitment process could be improved measurably if the following steps are also implemented:

- *Recruitment officers should have direct contact with hiring managers. Currently in many departments this relationship is carried on through the mediation of departmental staffing officers. In addition to weakening communication, this arrangement dilutes accountability for timely service.*
- *Resource needs can be predicted more often and recruits hired in anticipation of those needs.*
- *The use of inventories of pre-screened candidates should be increased at both the parliamentary agency and departmental level.*
- *Block priority clearance numbers could be given for terms of less than six months.*
- *Simultaneous open and closed competitions can be held where appropriate.*
- *Response times in advertisements could be shortened provided that candidates have reasonable opportunity to respond.*
- *generic statements of qualifications can be used more often.*
- *Documentation can be reduced to the minimum.*
- *Various steps in assessing candidates can be conducted simultaneously.*
- *Eligibility lists can be used more extensively.*

EMPLOYMENT OPTIONS

One of the areas in which managers have made the most imaginative use of the current provisions of the staffing system is term employment.

The structure of employment in the public service is largely predicated on the concept of a career public service. It is assumed that the majority of public servants will spend the better part of their career with the public service. The conditions of employment and the protection against layoff offered to public servants are in large part a reflection of this assumption.

The reality of work in the public service is in many cases at odds with the principle of a career public service. Many public service tasks are of limited duration, intermittent in nature or part-time. Also, while permanent employment is the desirable option for many individuals, they are now less likely to seek a single uninterrupted career from entry into the workforce to retirement.

While the current provision for term employment has provided some of the flexibility necessary to adapt to changing circumstances, the realities of work in the public service are far more complex than is captured in the distinction between term and indeterminate employees. This has led to some uses of term employment that go well beyond its original intention. Some of these are described below.

Generally, managers' experience of the normal staffing process is that it is often rigid and impractical, and they have turned to the creative use of term employment to ensure that they can meet their operational requirements.

Because term employees are ineligible for benefits under the work force adjustment policies, managers have sometimes used them as an adjustable labour force that can be decreased or increased in response to uncertain budgets.

Because term employees can be released by simply letting their term run out, they are often used as probationary employees and the actual provisions for rejection on probation on recruitment are rarely used.

Also, because of the perception (unsubstantiated) that short-term employees can be hired with little need to consider priority candidates, with less attention to security requirements and with less rigorous scrutiny from the Public Service Commission, they are often hired in lieu of recruiting indeterminate employees. This has progressed to the point where the majority of new indeterminate employees are hired through the term route rather than directly as indeterminate recruits.

In summary, we currently have a situation in which term employment is often used to avoid the more restrictive elements of the staffing system rather than for its intended purpose of filling labour requirements for a specified period.

The Task Force concluded that the difficulties with external recruitment and the use of probation that have led to the extended use of terms should be addressed directly. (These are addressed in previous sections of the report.) And, that while a career public service should continue to be the norm, it is clear that managers need more flexibility in hiring to meet operational requirements. With this in mind, the Task Force is recommending an expansion of the modes of employment available to managers which reflects the diversity of requirements in the public service.

Recommendation

1. *The menu of options available to managers for hiring into the Public Service should be expanded and modified within the following broad headings:*

    - *Indeterminate employment*
        - *a) Full-time*
        - *b) Part-time (redefined)*
    - *Term Employment*
    - *Casual Employment (redefined)*

Indeterminate Employment

a) Full-time

This usually implies a commitment to offer a career and employment of unspecified duration. It is the preferred option for most circumstances. Our capacity to attract the best talent is at its greatest when we are able to offer full-time employment. The best young graduates and highly valued employees from other organizations are unlikely to accept offers of limited duration. Every attempt should be made to use full-time appointments as the primary vehicle for recruiting into the public service.

Even in situations where the duration of work is uncertain the first choice should be to use full-time recruitment. When work requirements change, employees who have been well selected will not be difficult to redeploy.

b) Part-Time (redefined)

Where the available work occurs sporadically or at regular intervals, the employment agreement should reflect this fact. The existing options of seasonal and part-time are useful but not flexible enough. "Seasonal" is usually associated with a season of the year and "part-time" is limited to part of a week. The capacity should exist for employees, who otherwise enjoy all the benefits of indeterminate status, to work at any regular or irregular intervals during a week, a month or a year.

Many people, usually women, prefer to integrate their work hours with obligations to home and family. These more flexible arrangements should enable the government to attract a number of additional candidates who would not otherwise apply. In addition, it should allow some current employees who wish to lapse into part-time status at certain times of their lives to do so without leaving the public service. Similarly, on the employer's side, the workload in some situations can fluctuate widely. To accommodate this, managers should have the flexibility to enter into agreements with interested people to hire them on an intermittent basis, i.e. to call them in when there is work and to put them in off-duty status when there isn't or to put them in off-duty status at their own request.

In any of the situations described above, the employees should be able to accumulate service, as if it were continuous, for purposes of pensions and other benefits linked to years of service.

Recommendations

2. *Policy should require that recruitment be done on an* ***indeterminate*** *basis unless it can be clearly shown to be of limited duration.*

3. *The definition of indeterminate part-time employment should encompass the existing provisions of seasonal and part-time with the following additions and elaborations:*

   SEASONAL: to include ***any*** *regular period during the year;*

   PART-TIME: to include ***any*** *portion or portions of a day, week, month or year, regular or irregular;*

   INTERMITTENT: to provide, by mutual agreement of the employer and employee, for call-back and off-duty status corresponding to the fluctuations in workload or the employee's availability.

4. *Part-time employees should have benefits pro-rated to their hours of work and should be allowed to count all service during a year as continuous service.*

5. *Part-time employees should be selected in accordance with normal recruitment processes and standards and they should be eligible for deployment and to enter closed competitions.*

6. *The definitions of the above employment options should be standardized in all policies and employment-related legislation in addition to the Public Service Employment Act.*

Term Appointments

Term employment should be limited to term work. Because term employees often become permanent public servants they must be recruited and selected with rigour. They should not be treated as second class employees.

Recommendations

7. *Policy should limit the hiring of term employees to situations in which work is of limited duration. In hiring term employees managers will be expected to describe the specific task for which a term employee is required. Term employment should normally be for periods of less than two years.*

8. *Term employees should be selected in accordance with the normal recruitment processes and standards. They should be eligible to compete in internal public service competitions and be considered for appointment without competition.*

9. *Term employees should be employed under the same conditions and receive comparable benefits to those enjoyed by indeterminate employees except that their appointment is for a specified period.*

Casual Employment

The hiring of casual labour should not be subject to the same requirements as the hiring of permanent or potentially permanent employees. However, employees who are hired without formality should not become permanent except through the normal process.

Managers who foresee the possibility of work extending beyond the initial period or who are anticipating vacancies for which the casual employees may be candidates should use one of the other options for recruitment.

Recommendations

10. *Departments should be able to recruit casual employees without the necessity of conforming to the normal processes and standards for recruitment.*

11. *Casual employees should not be eligible for indeterminate employment except as external candidates through the normal recruitment process.*

12. *To prevent them from becoming a parallel permanent labour force hired under different conditions casual employees should only be eligible to work in a particular department for six months in any twelve month period.*

13. *Casual employees should receive comparable benefits and work under comparable terms and conditions to term employees under six months in the current system.*

14. *Casual employees may be hired on an hourly basis or for continuous periods up to six months.*

DEPLOYMENT

Under the current Public Service Employment Act, deployment of personnel from one job to another is considered to be an appointment and thus is subject to the same considerations as the other two components of the staffing system, i.e. recruitment to the public service and promotion within the public service. In the area of recruitment and promotion, the major considerations relate to the need to carry out these functions in a way that is demonstrably free from political, bureaucratic and personal patronage. As such, the whole area of fairness, equitable access and selection of the "best qualified" is of primary importance. In relation to deployment, however, bringing the same considerations to bear works against the capacity of managers to meet operational needs quickly and efficiently, and develop their employees through the provision of varied experience.

The Task Force has concluded that deployment should be removed from the consideration of "best qualified" and should be the result of a consensual arrangement between the manager and his or her employees. The question of fairness in the determination of which employees should be identified for developmental exposure or meeting operational needs must still be a major consideration on the part of the individual manager. The Task Force's view, is that providing significant flexibility in this area will be a counter-balance to the more restrictive regime associated with promotions. It does not believe that the interests of the public service are served by expressing distrust of managers' capacity to use such flexibility through the continued use of rules, regulations and burdensome procedures to protect the integrity of the system. Rather, it believes that public service managers are quite capable of exercising their responsibilities in the area of deployment in an open and fair manner with no need for central controls.

For some positions in the public service, the operational requirement for deployability is such that it should be a condition of employment. The example of Canada's rotational foreign service springs to mind. However, in most situations, it is expected that the normal consensual relationship between management and employees should suffice to provide managers with the flexibility necessary to exercise their responsibilities for deployment.

The developmental and operational advantages of increased flexibility for deployment would be far greater if this flexibility were not limited to jobs whose levels are coincident with the levels of the person being deployed. However, the situation where an individual is deployed to a higher level job (as an underfill) poses special problems. On the one hand, it can be viewed as a developmental benefit received by the individual in preference to others and thus should not be accompanied by the added benefit of acting pay. On the other hand, employees and their unions would not readily give up their protection associated with acting assignments and acting pay provisions, especially when such underfills can be seen as conferring an unfair advantage in subsequent competitions. For this reason, the Task Force concluded that this increased flexibility should not extend to underfill deployments other than through the normal provisions for acting assignments and acting pay. This conclusion does not extend to the proposed Executive Category and takes account also of the greater room for lateral deployment being recommended in the Task Force on Occupational and Classification Structures.

To maximize the potential that deployment has for personnel enrichment it is important that deployment opportunities be as broad as possible and that departments actively promote the development of employees through deployment by devoting time and resources to coordinate this activity.

Access to the experience that deployments bring is valuable to all employees. It must be managed fairly and openly so that it does not become, or be seen as, a means for managers to practice favouritism.

Recommendations

1. *In order to ensure the flexibility necessary for service to the public and for the development of staff, the permanent or temporary deployment of staff should be (subject to the other considerations described below) a responsibility of management.*

2. *Managers will be expected to exercise their responsibility in this area fairly and to take the initiative in being open and explaining their deployment decisions to their staff.*

3. *Managers will be expected to continue to respect the relevant employer policies such as those dealing with the language and security requirements.*

4. *In those jobs where the freedom to deploy staff is necessary for operational efficiency, the employer should have the authority to deem deployability a condition of employment.*

5. *In all situations where deployability is not a condition of employment the deployment decision should be through the normal consensual relationship between management and employees.*

6. *With the exception of those situations where acting assignment and acting pay provisions apply, deployment of individuals whose personal classification is lower than the level of the job should not be included in the increased flexibility to managers.*

7. *To facilitate lateral movement, departments should establish assignment offices which will facilitate deployment across organizational units and the central agency should establish an office to facilitate interdepartmental lateral movement.*

PROMOTIONS

It is in the area of promotions that public servants express their greatest scepticism as to the fairness of the staffing system. In the focus groups conducted on behalf of the Task Force, there was a sense, at all levels, that in many cases promotions are predetermined. Many employees viewed it as an exercise to legitimate a predetermined outcome.

There are a number of factors that contribute to this general feeling of unfairness. Employees cite the fact that large proportions of promotions result from appointments without competition, many successful candidates in competitions have been acting in the job for lengthy periods of time, and statements of qualifications are often very specialized giving the impression that they were designed either to eliminate candidates or favour specific candidates. At a more fundamental level, there is an increasing gap between the perception of managers and employees of the basis upon which promotions should be made. Over the last few years, a view has grown among some public service managers that private sector managers are able to promote employees as part of an incentive and reward system rather than only to meet corporate needs at a given level. This view has influenced public service managers to move away from the traditional merit based (best qualified) approach to promotion to one more in line with their perception of what is happening in the private sector. At the same time, public servants continue to see the public service as an institution where employees should have equal opportunities to be promoted on the basis on their competence.

The Task Force members believe that it is imperative that actions be taken to change this perception of unfairness among our employees. They believe that the significantly increased flexibility inherent in the recommendations surrounding deployment provide an opportunity for taking the necessary steps to get back to basics in relation to how individuals are selected for promotions. The Task Force believes while the norm should be by competition, there will always be situations where the best qualified candidate will be obvious, and going through the proforma of a competition will be counter productive. It is this recognition that resulted in the Task Force recommending the continuation of the provision for promotion without competition.

One particular concern regarding the validity of assessment of candidates in the current system is the over-reliance on interviews as the exclusive instrument for rating candidates. Research indicates that, of all the various instruments available (in-basket tests, assessment centres, interviews, etc.), the least reliable is the interview. Considering this concern with the fact that if employees are to be deployed after being promoted, they must fit not only the needs of their specific job but the more general needs of the organization and the public service at large, the selection instrument should be designed to provide assessment of future potential as well as on-the-job skills. It is with these needs in mind that the Task Force makes the following recommendations.

Recommendations

1. *The basis for promotion should be the determination of the "best qualified" through the relative assessment of candidates against other candidates and against a statement of qualifications that reflects the specific requirements of the job, the requirements of the group and level of the job and the needs of the organization.*

2. *Managers should make use of the variety of assessment instruments available when conducting promotional competitions. Their choice of instrument should be made reflecting a reduced reliance on interviews and a concentration on those instruments that will assist them in determining future potential.*

3. *The promotional process should be competitive except in those circumstances where it can be demonstrated that the candidate who best meets the statement of qualifications can be identified without a competition.*

4. *In developmental programs the relative assessment of candidates (i.e. the competition) should occur at entry. Promotion within a program should be on the basis of meeting a selection standard for the level.*

5. *The promotional process should be the responsibility of the parliamentary agency but should continue to be delegated to departments to the maximum extent possible.*

6. *The parliamentary agency should monitor and, as required, audit departmental promotional practices.*

7. *The use of lengthy acting appointments is seen by employees as a major source of unfairness in the system and should be avoided.*

8. *In keeping with the commitment to a career public service, the area of competition for promotion should be as wide as practical circumstances permit.*

9. *Promotions should be appealable up to and including entrance to the management category.*

10. *The employer should set policies which define what constitutes a promotion.*

11. *The employer should prepare selection standards for each level of each occupational group.*

PROBATION

The use of probation is the final step in both the recruitment and the promotion process. The intent is to provide a period of time for a manager to assess the validity of the selection decision through performance on the job, provide feedback and counselling to the individual, and generally draw a conclusion as to whether selection has been appropriate or not.

In respect to recruitment from outside the organization, it is a well established labour relations principle that rejection on probation should result in release from the organization with no recourse. In respect to promotion, however, while the purpose of the probationary period is the same, the Task Force believes that the result of rejection should be different, i.e. that a conclusion that the selection was not the correct one should result in either deployment to another job at the individual's new level or reinstatement at his or her previous level. It should NOT result in release from the public service.

The Task Force believes that the exceptionally low rate of rejection on probation reflects the fact that most managers do not understand and/or are reluctant to deal face to face with an employee to explain the reason behind the rejection. While it is recognized that rejection on probation should be a rare event, it should be used in those cases where the selection process has failed.

Recommendations

1. *Managers should be trained and supported in the use of rejection on probation following recruitment and promotion.*
2. *There should continue to be no appeal rights for rejection on probation nor should the parliamentary agency investigate rejection on probation.*
3. *Unsuccessful completion of probation following a promotion should not result in release but rather should involve either deployment to another job at the same level or reinstatement at the individual's previous level.*

THE INCLUSION OF MILITARY, RCMP AND CSIS PERSONNEL IN CLOSED COMPETITIONS

Section 2(2) *a, b* and *c* of the current Public Service Employment Act (PSEA) allows members of the Armed Forces, RCMP and CSIS to compete in closed competitions on an equal basis with public servants. It does so by enabling departments to define the area of competition. For example, a competition could be opened to employees appointed under the PSEA from a select area of the public service, a select geographic location, and to members of the Canadian Armed Forces across Canada.

Section 2(2) *d* allows departments to extend areas of competition to other public servants not under the PSEA providing they are designated by the Governor in Council to be included in these staffing actions. These organizations apply to the PSC, which recommends to the Governor in Council whether or not the organization should be included. The PSC bases its recommendation on the hiring practices of the organization. If the practices followed are viewed as meritorious, fair and impartial, organizations may be included in closed competitions through Section 2(2)*d*.

The *Task Force on Barriers to Women in the Public Service* has identified the inclusion of military personnel in closed competitions as a barrier which prevents the advancement of civilian women and men, particularly in certain groups and in certain departments. The Task Force on Barriers to Women therefore recommends that Section 2(2) be removed from the PSEA.

Military representatives agree that most of the positions now attained by military personnel through this preference could be obtained through the normal channels. However, they feel that removal of this preference may send a negative signal to the military regarding how much they are valued as "public servants".

For some separate employers and for some departments the movement of employees between organizations that results from section 2(2)*d* represents a significant advantage in human resource management. For example, it allows departments to benefit from the expertise of employees of small specialized agencies who are separate employers and it gives employees of those agencies a source of career possibilities beyond the agency.

After considering this issue from a variety of perspectives the Task Force has concluded that the appropriate vehicle for the recruitment of staff from organizations not under the PSEA is the recruitment process. With departments being given the responsibility for deciding when to recruit above the entry level they will have sufficient access to this vehicle when they cannot obtain the staff they need through closed competition. There is thus little continued need for Section 2(2).

Recommendation

1. Section 2(2) be removed from the Act.

RECOURSE

The discussions with employees have revealed that the existence of appeal rights as a counterbalance to managerial discretion continues to be a feature of the system which they consider useful. The importance of appeal rights will increase as the staffing system evolves from one that is tightly regulated to one in which managers are expected to use their judgement within the framework of a general set of guiding policies and principles. The Task Force believes strongly in an atmosphere of openness and encourages managers to use all possible informal mechanisms to increase this atmosphere.

Many managers expressed concern about the number of vexatious appeals and with the need to practice defensive staffing because of the threat of appeals.

Research reveals that the actual number of vexatious appeals is low but they are well remembered and frequently discussed.

The tendency to practice defensive staffing is far more the result of the overall administrative culture of the staffing system than it is the result of the requirements of being able to withstand a possible appeal. Staffing officers admitted that they often used the threat of appeal to get managers to comply with what the staffing officers felt were the minimum requirements for a sound staffing action.

Several options for reducing the number of vexatious appeals have been examined but none could be found that did not also significantly reduce overall access to recourse.

The methods which have been found to reduce the number of appeals without reducing legitimate access to recourse involve increasing the transparency of the staffing system. Two of these are:

- Current staffing policies encourage managers to provide all interested candidates with detailed post-board feedback. In cases where there has been post-board feedback, appeals are rare. However, few managers appear to be aware of this policy.

- **When an employee launches an appeal, the department is encouraged to provide the appellant with documentation and information about the staffing action (disclosure). Since the implementation of disclosure withdrawals have increased from 14% to 40%. Of these, 90% are attributable to disclosure.**

Recommendations

1. *Recourse should continue to be available to unsuccessful candidates competing for promotion or, in non-competitive processes, to those persons who believe that they should have been considered for promotion to that position.*

2. *The basis for review should be the extent to which the process followed reflects the policies and principles that are supposed to guide the promotional process.*

3. *Managers should offer post-board feedback in all staffing actions.*

4. *Appellants and their representatives should be required to seek post-board feedback before launching an appeal.*

5. *Disclosure should be required in all cases where an appeal has been launched.*

6. *The provision of recourse and decisions regarding individual corrective actions should be the responsibility of the independent parliamentary agency.*

7. *The role of any review body appointed by the parliamentary agency for this purpose should be to operate within the framework of the parliamentary agency policies and include making recommendations to the parliamentary agency for corrective action.*

8. *The parliamentary agency should be empowered to direct the appropriate corrective action as it relates to the selection process. This power would not include directing the actual choice of the successful candidate.*

EMPLOYMENT EQUITY

The staffing system must not simply be consistent with the goals of employment equity it must be one of the instruments by which these goals can be actively pursued.

The current act does not contemplate the redress of representational imbalances except through the normal staffing process, expressly forbidding discrimination in a way which is contradictory to the rights expressed in Section 15 of the **Charter of Rights and Freedoms.** This has been insufficient to achieve the representational goals that the government has set for the public service. As a result there is some tension in the staffing system regarding the frankness with which employment equity strategies are being described. Legislation which recognizes more proactive approaches to employment equity would help resolve the difficulty.

Recommendations

1. *The legislation should reflect the provisions of Section 15 of the **Charter of Rights and Freedoms** and permit recruitment and promotion processes to redress representational imbalances.*

2. *The employer should define the needs of the Public Service in terms of representation and set objectives for the redress of particular imbalances.*

3. *The parliamentary agency should develop, in consultation with departments and the employer, recruitment strategies that respond to these needs.*

4. *The increased ease of deployment recommended in this report should be actively used to promote the development of the public servants who are members of employment equity target groups.*

APPOINTMENT-TO-LEVEL

For the purposes of analysis there are two elements of the "appointment-to-level" concept that must be considered independently. First is the assignment to job aspect and second is promotion on the basis of a service-wide level standard as opposed to on the basis of an individual job requirement.

Assignment to Job

The Task Force recognizes the advantages associated with the capacity to assign an individual to a job independent of consideration respecting promotion, personal classification and the classification of the job.

The recommendations for deployment of employees contained earlier in this report will when adopted implement the assignment to job aspect of appointment to level.

Promotion

The Task Force believes that promotion on the basis of a service-wide level standard is a concept that has application to certain occupational groups and/or in certain organizational instances. It works well in the rotational foreign service; it has been used successfully for scientists and lawyers; it appears to be a possibility for some functional groups (financial officers and personnel officers) and is being considered actively for all or part of the Management Category.

Recommendations

1. *The legislation be amended to permit promotion to be based on either individual job requirements (appointment to position) or service-wide level standards (appointment-to-level).*

2. *The conversion of any group or part of a group to a promotion to level system would require substantial adjustment and the decision on the conversion of promotion to level should not be taken until the implications of such change have been fully studied and discussed with those who would be affected.*

The Task Force studied the appropriate application of promotion to level and has concluded that its adoption should be guided by the criteria set out below:

> The desirability of adopting it for any particular occupational group or part of a group depends on two factors:
>
> - Are the advantages of promotion to level relevant to the occupational group?
> - Is the nature of the occupational group such that it can be meaningfully managed under a promotion to level system?
>
> For any occupational group, the answers to these two questions must be known before the cost benefit balance of adopting promotion to level can be assessed.

Are the advantages of promotion to level relevant for the occupational group?

Three factors will determine the relevance of the advantages of promotion to level:

- **The extent to which there is a need for deployability of staff**: Promotion to level creates an ease of deployment. If deployment will be frequently used, then promotion to level will be advantageous. This may be the case in occupations where changing environmental demands require frequent redeployment staff. It may also be the case in occupations where exposing staff to a variety of job assignments increases their overall usefulness to the organization.

- **The extent to which there is a requirement to reward employees who have grown in their job without requiring that they be promoted out of their job**: In promotion to position, promotion means a new position. In promotion to level, there is no need to remove employees from their position when they are promoted. This means that excellent scientists can stay in the laboratory, excellent litigators can stay in the courtroom, and excellent teachers can stay in the classroom while still receiving the promotions they deserve.

3. **The extent to which equality of access to promotional opportunity is an important value**: The more specialized statements of qualification of promotion to position inevitably eliminate many candidates from competing for promotion. Access to promotional opportunity is much wider and, is seen as much fairer in the collective promotion process that characterizes promotion to level. If this type of equity of access is important in an organization then promotion to level is advantageous.

How easily can the occupational group be managed under a promotion to level system?

While promotion to level may hold many benefits for a particular occupational group the costs of trying to manage the group under promotion to level may outweigh the benefits. Five factors determined what those costs would be:

- **The extent to which the commonality of what is required at a level outweighs the differences of what is required in each individual position at that level**: Appointment to level uses a level standard rather than a job standard in deciding who should be promoted. It works best when the level standard realistically reflects the requirements of most jobs at that level. If jobs at a level are very heterogenous then a level standard cannot adequately reflect job requirements. In these cases a promotion to position is a more realistic option.

- **The extent to which the differences in capabilities of individuals at different levels can be distinguished**: In appointment to level people are classified as belonging at one level or another. If the capabilities that characterise one level cannot be clearly distinguished from those at another level the classification of individuals will lack credibility. Usually the fewer the number of levels in an occupational group the more likely it is that promotion to level can be realistically implemented.

- **The extent to which staff are seen as belonging to the organization rather than a job**: If staff are considered corporate resources rather than incumbents of positions then promoting to level is appropriate because in it promotions are on the basis of organizational requirements for the level rather than requirements of the position. If staff are really seen as working in jobs more than in the organization then appointment to position is more appropriate.

- **The extent to which the size of the group is such that it can be managed as an entity**: The promotion to level process requires that all eligible candidates in a group be compared to each other to decide who best meets the criteria for promotion. The larger the group the more difficult it is to realistically undertake this task.

- **The extent to which there is a corporate commitment to disciplined collective human resource management**: In promotion to level there is a need for a disciplined collective commitment to human resource planning and performance evaluation. Promotions must reflect the overall needs of the organization rather than the individual interest of a particular manager. When this collective approach runs contrary to corporate culture, promotion to level is difficult to implement.

LEGISLATIVE PROVISIONS

LEGISLATIVE PROVISIONS

General Approach:

- The current Act is highly prescriptive and leaves little room for administrative adjustment to changing policies. Accordingly, the Task Force believes that new legislation should allow maximum flexibility to respond to evolving administrative realities.

Preamble:

- There should be a preamble to the Act which includes the following:
  - the principle that the recruitment and promotion of public servants be free from political, bureaucratic or personal patronage;
  - the importance of a highly competent and representative public service;
  - the need for a staffing system that has sufficient flexibility to respond to the human resource needs of departments to support them in fulfilling their responsibilities to the Canadian public and to the government of the day;
  - the importance of a staffing system that treats employees fairly.

Legislative Provisions:

- The Act should specify that the recruitment process is the responsibility of the parliamentary agency and must be conducted in a manner that supports the political neutrality of the public service

- The Act should specify that describing recruitment needs and the decision when to recruit will be the responsibility of departments.

- The Act should permit selection based on the requirements of a job or group of jobs, an occupational group, a level, the needs of the organization or the long term human resource needs of the public service, as appropriate.

- The Act should permit indeterminate (full-time and redefined part-time), term and casual appointments.

- The Act should specify that term employees may be terminated for cause or because the task for which they were hired has been completed or is no longer required.

- The Act should specify that casual employees may be hired by departments, and that they are not eligible for indeterminate employment except as external candidates through the normal recruitment process and that they are eligible to work in a particular department for no more than six months in any twelve month period.

- The Act should specify that the permanent or temporary deployment of staff should be the responsibility of the deputy head within the policy framework of the employer.

- The Act should specify that with the exception of the proposed executive category, a requirement that underfill deployment is not allowed in circumstances other than where the provisions of acting assignments and acting pay apply.

- The Act should specify that regulations defining promotion will be the responsibility of the employer

- The Act should specify that the promotion process is the responsibility of the parliamentary agency and would be conducted in accordance with the policies established by the agency.

- The current legislative provision permitting members of the Armed Forces, RCMP, CSIS and other public servants not under the Act to compete in closed competitions on an equal basis with public servants should be deleted.

- The Act should specify that promotions would be subject to appeal.

- The Act should specify that the parliamentary agency may monitor and audit delegated departmental recruitment and promotion practices.

- The Act should specify that appeals would be the responsibility of the parliamentary agency and would be conducted in accordance with the regulations, policies and procedures established by the agency.

- The Act should specify that the parliamentary agency should be empowered to direct the appropriate corrective action following an upheld appeal, but that this power would not include directing the choice of the successful candidate.

- The Act should specify that the role of any review body appointed by the agency for the purpose of hearing an appeal would be to operate within the framework of the agency's policies and should include making recommendations to the parliamentary agency.

- The Act should reflect the provisions of section 15 of the **Charter of Rights and Freedoms** and permit recruitment and promotion processes to redress representational imbalance.

- The Act should allow the parliamentary agency, in consultation with the employer, to require the appointment of, or the consideration for appointment of, persons or classes of person in priority to other candidates in accordance with the policies established by the agency.

- The Act should allow for appointment to position or appointment to level.

- Any specific prescriptions in the current Act regarding how the staffing process should be conducted, other than those described above, should be deleted from legislation and to the extent needed should be replaced with regulation.

CONCLUSION

CONCLUSION

In carrying out its work, the Task Force found a staffing system that had a number of problems not least of which is the conflict between the need for speed and flexibility and the need for fairness. The Task Force concluded early in the discussions that devising a staffing system that would contribute to the achievement of the **objectives of Public Service 2000** would necessitate a delicate balancing act between recommendations that would contribute to increased flexibility on the part of managers while at the same time building the trust of our employees in the fairness of the staffing system. The result is a set of recommendations that the Task Force believes provides a **reasonable balance** and, as well, will contribute to the achievement of all **four objectives** established by Public Service 2000.

The proposed **deployment** process and the provision for **appointment to level** will broaden developmental opportunities for employees and at the same time enable managers to deploy people quickly to ensure continuity of **service to the public**. The Public Service Commission, departmental staffing officers and managers will be freed of much of the administrative burden associated with lateral movement of employees. This will have the effect of freeing time and resources to put the emphasis on those components of the staffing system, i.e. **recruitment to the public service** and **promotion within the public service**, which contribute most to the maintenance of a **highly competent public service** while at the same time emphasizing **fairness** to its employees.

The proposed emphasis on **recruiting for long-term needs** of the Public Service and proper use of the **probation period** will contribute to **excellence in the Public Service**. These measures will help ensure that those recruited can adapt to the changing needs of the Public Service and that those who, despite coaching and counselling, cannot reach or maintain required standards, are rejected early from the Public Service. The result will be a dynamic, effective and dedicated career Public Service.

The recommendations with respect to **job security, recourse, disclosure** and the removal of the power to reject an employee from the Public Service during a **probation period** following a promotion, recognize our employees as **assets to be valued and developed** and deserving of fair treatment and due process.

The emphasis on wide **areas of competition**, the recognition that the norm is to **promote from within the Public Service** and the recommendations with respect to the **exclusion of military**

personnel and others from closed competitions are important elements of a **single career Public Service**. On the other hand, the recommendation that departments, rather than the Public Service Commission, decide when it is necessary to **recruit from outside the Public Service,** places authority in the hands of **the managers who are responsible for the performance of their units.**

Expanding the menu of **employment options** will enable management to tailor the workforce to meet fluctuating workloads, thereby improving **service to the public.** At the same time, this will enable employees to balance their **work and family responsibilities.** Managers will also be able to **hire casual employees** more easily in order to handle short-term peaks in workload, thereby reducing undue pressure on the regular workforce.

The recommendations regarding **authority and responsibility** will give managers a greater sense of ownership of the Staffing process which, in turn, will require them to demonstrate a profound commitment to the **principles** set out at the beginning of this report.

With the rule books being replaced with statements of principle and, with more responsibility being put on the individual players, accountability will become more direct. Managers will no longer be accountable for simply following the rules, they will be accountable for acting within the spirit of the principles. It will no longer be acceptable to artfully manipulate the system so as to comply with the letter of the rules rather than their intent. We will have to be prepared to say "I did it because in my judgement it was the right thing to do" and be willing to explain our decisions on that basis to our staff and superiors.

It will also no longer be necessary to find increasingly clever ways of finessing around the system in order to do what makes sense. Creative energy can be reserved for finding the best way of managing human resources. The criterion against which actions will be judged will be whether they made sense given the situation and the framework of principles.

These changes should make the system more human. It will be people making decisions that affect people. It will be more interpersonal because we will be more personally responsible for the decisions that come out of it and this, combined with direct accountability for the principle of fair treatment, will increase fairness of the system.

Finally the overall result of the many changes will be such that it can be characterized by one word: **INTEGRITY.**

IMPLEMENTATION

IMPLEMENTATION

General

Implementation is the most important phase of any change process. To succeed, it needs continuing senior level commitment and, in the case of this Task Force's recommendations, it involves two major thrusts.

The first thrust is the **changing of the administrative culture** in which the staffing system is embedded. This means changing the attitudes, the beliefs and the roles of the key actors in the system, i.e. the managers and the personnel officers.

The second thrust is the actual **changing of the system of rules** that have given rise to these attitudes, beliefs and roles.

The process of reducing the number of rules is already well advanced and it is critical that the recommendations of this report do not get translated into new detailed rules. However, the necessary changes in attitudes, beliefs and roles that must accompany the change from a rules-oriented system to a principle driven system has barely begun.

In respect to the first thrust, the changing of the administrative culture, **managers must be the primary target** of the change process. **They must be aware of the accountability regime they will be working under.** Communications to managers must emphasize the fundamental simplicity of what is now required of the staffing system and the key role that judgement will play in making these policies work in a sensitive and efficient manner. Managers must know and understand the framework of policies within which they will be operating.

They must appreciate the degree of responsibility given to them to use their judgement and they must be clearly informed of what is expected and how they will be held to account. Managers must have incentives to perform in the manner expected and the most important incentive of all is the example set by the most senior levels of the public service.

The second target of the change process must be the staffing specialists. Many members of this community have expressed strong support for a new approach to staffing that would involve greater ownership on the part of managers. They will have to be seen as key players in assisting managers to take on this ownership role.

The second thrust in implementation, the changing of the system of rules, is an activity that is focused mainly in the Public Service Commission and the Treasury Board Secretariat and should be guided by the principles and recommendations of this report.

Specific

The process of reform can begin well before the legislation is amended. While a great deal of progress is possible under the current legislation, the full implementation of the fundamental changes envisaged in the system must await Parliament's approval of a new statute.

The Task Force proposes an implementation approach that would consist of a number of **dedicated teams**. Concentrating on the two main thrusts identified above, the first would be a team that should be made up of members of both central agencies and departments. It should be led by a senior personnel specialist who has high credibility both among staffing specialists and departmental line managers. It should take guidance from either the Staffing Task Force or a committee of Deputy Ministers sitting as a steering committee to ensure that the spirit and intent of the Staffing Task Force recommendations are followed as implementation progresses. This central team would be responsible for both the changing of the system of rules and the overall management of the process of changing the administrative culture, including articulating the chain of accountabilities which would inform the new culture.

In respect to the second thrust, the changing of the administrative culture, the Task Force envisages the establishment of **an implementation team in each department** with special attention being paid to implementation in the regions where almost 70% of public servants work. These teams should be multi-disciplinary. Members should bring expertise in training, communications, management and staffing. To ensure the penetration of the changes across the service, a **"training the trainer"** strategy should be adopted. This will allow the cascading of the training from the centre to departments and then within departments **to the lowest level**. It is absolutely essential that the communication themes and intent of the Staffing Task Force recommendations be the same not only across the public service but externally in respect to parliamentarians, unions and the media.

A gradual evolution of management culture is always in danger of sliding back to its original state. Adherence to the process for change, the sense of urgency and importance and to a realistic timeframe must be unrelenting during the initial transition period. The change process must be monitored throughout the transition period and adjusted as necessary.

The Task Force members believe that an approach such as described above has the best chance of making the **fundamental changes** necessary to move from our current system to a system of staffing that is **FAIR, EQUITABLE AND RESPONSIVE**.

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FOR DISCUSSION

REPORT OF THE TASK FORCE ON THE MANAGEMENT CATEGORY

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7 AUGUST 1990

EXECUTIVE SUMMARY

The Task Force on the Management Category was established to review issues concerned with the structure and management of the Management Category and to recommend changes that would enhance the effectiveness of service delivery, the efficiency of management processes and the accountability of departments and individual managers for results.

A highly qualified, well motivated and appropriately structured management cadre is essential if first-rate service to the public is to be maintained or improved, particularly in an era of continued cost constraint. A number of problems, however, threaten the quality of this service. Our review of past task force and commission reports, the findings of attitudinal surveys of managers, and an extensive series of focused discussions with Management Category members, consistently point to the same set of inter-related problems. These include the multiplicity of layers within the executive cadre which slows decision-making and blurs lines of accountability; the lack of clearly articulated and shared values to guide behaviour; the lack of cohesiveness within the management cadre and falling levels of morale and job satisfaction as one goes down the management hierarchy; inadequate delegation to employees of the powers they need to achieve the results for which they are being held responsible; the increasing difficulty of attracting and retaining high achievers in the executive ranks; the lack of representation of certain groups within the Canadian population; and the welter of rules and regulations governing how we recruit, select, develop, promote, reward and discipline managers which impose a heavy administrative cost and inhibit creativity and initiative.

The report of the Task Force on the Management Category contains a series of inter-related recommendations aimed at resolving these problems and preparing the public service for the challenges it will face in the future.

To begin with, we recommend changes in the definition and structure of the Category. We believe that it should be renamed the Executive Group, to better reflect its composition of both senior level managers and staff advisors and its function as the executive cadre within the public service. This change will improve cohesiveness and morale within Category members -- an important prerequisite for high quality service to the public.

We believe that the structure needs to be simplified by reducing the six classification levels currently within the Category to three, and reorganizing management hierarchies to reflect a structure of Director, Director General and Assistant Deputy Minister. This streamlining will substantially reduce administrative costs, improve communication between all levels, clarify accountability for results, and speed decision-making.

These new levels would be defined on the basis of the existing salary maxima. The precise nature of the transition is left up to departments in consultation with the Treasury Board, however, deputies would be responsible for ensuring that their operating budgets do not increase as a result of this restructuring. The reduction in the number of levels and the creation of fewer but wider salary bands will encourage managers to stay at each level longer than in the past. It will also reduce the pressure on the system to reclassify positions upwards for the sole aim of increasing compensation. Since promotional opportunities would be less frequent, lateral movement will become increasingly important as a source of challenging assignments which motivate and develop employees.

Historical controls on the number of staff within the Management Category (complement control) should be gradually eliminated. Departments should be allowed to manage their responsibilities within an operating budget and within an appropriate accountability regime. This will increase their operational effectiveness and enhance accountability for results.

Given that the new definition of the Executive Group continues to exclude a significant portion of the management team of departments, we recommend the development and implementation of initiatives directed at improving the quality of managers who are outside the Executive Group. For example, management potential should be identified at an earlier stage, management training enhanced, and managers outside the Group adequately recompensed for management risks and responsibilities. We also recommend the establishment of a management trainee program to recruit the managers of tomorrow from the best of our university graduates. Such initiatives are essential if the public service is to have the supply and calibre of managers it will need in the year 2000.

Another set of recommendations is focused on assuring that individual managers and front-line staff have the powers they need to fulfil their responsibilities. Most of the necessary authorities have already been delegated by the central agencies to departments. The stumbling block is often the lack of sub-delegation of these powers to lower levels of management, or the lack of sufficient decentralization of these powers to regional managers. We therefore recommend that departments review their practices to ensure that authority is placed where decisions have the most impact, and that employees have the authority they need to perform their jobs effectively.

Another set of recommendations is aimed at simplifying and revitalizing personnel practices. For example, we are proposing that an appointment to level staffing process be implemented for the Executive Group. The appointment of executives to classification levels, rather than to specific positions, will mean that executives will no longer "own" their specific positions. Rather, executives would have a broader corporate view of their roles and responsibilities. It will also reduce the pressure for "empire-building", which is encouraged under the current system in order to justify position levels. Such a system will also increase the flexibility to use lateral movement as a developmental tool, and the ability to rapidly respond to operational exigencies.

We also believe that each department should be able to promote executives to the Group from within the department or from other departments, and to recruit candidates from outside the public service. Executives must have authority over who performs what function in their organization if they are to held accountable for results. We therefore recommend that deputies be delegated the authority to staff executive positions in their departments up to and including the Director and Director General levels. As Assistant Deputy Ministers are primarily service-wide rather than departmental resources, staffing at this level should remain with the central agencies.

It is important that the public service is representative of the Canadian population and able to benefit from the diversity of views and talents of Canadians. Initiatives are required to improve the representation of women, natives, people with disabilities and visible minorities. We are recommending a number of steps that could be taken to improve the balance of men and women within the executive ranks and feeder groups, and we urge central agencies and individual departments to devise meaningful strategies that will alter attitudes that inhibit the participation of other target group members.

Other human resources management practices need improvement. We believe that the skills, attributes and other requirements for all three levels of the Executive Group should be clearly articulated and that such criteria should control entrance into and advancement within the Group. Career planning will become more critical with the compression of the classification levels (fewer promotions) and should be improved. The training and development needs of managers should be reviewed frequently, management training provided as early as possible, and greater use made of situational training and rotational assignments.

We believe that mobility should be increased within the public service and between the public service and private sector. Work experience in other regional centres and in other job environments should be seen as valuable in the development of seasoned executives; two-way mobility will also increase mutual understanding and appreciation of other values, needs and operating environments, and improve the flow of information about successful management practices. We therefore recommend that barriers to inter-regional, regional/headquarters and private/public sector mobility be identified and removed.

The processes by which we reward good behaviour and penalize poor performance have also been subject to considerable criticism over the years. Although it has become easier to deal with serious performance problems, we make several recommendations to improve the ability of senior management to deal with consistently below par performers. On the other side, we urge that departments be given greater authority to implement customized plans to reward performance.

To better respond to the diversity of needs of the labour force, and therefore render the public service more attractive to employment equity groups, we recommend that a flexible benefits approach be implemented: Executive Group members would be permitted to select among a menu of optional benefits over and above a basic core package. The total package should remain cost-neutral.

We also echo the recommendation of the Advisory Group on Executive Compensation (the Burns Committee), that a separate and distinctive pension plan should be developed and implemented for the Executive Group. This pension plan should be designed so as to meet the needs of a wide variety of employees and should encourage mobility between the public and private sectors.

Simply eliminating outdated and cumbersome rules and regulations will be insufficient to achieve the goals of Public Service 2000. A fundamental change in corporate culture and management attitudes is also required if we wish to promote the kinds of behaviours which will achieve the desired results. For this reason, we encourage efforts to define a set of values and operating principles to guide the actions of public service managers, both within departments and at the service-wide level. These should encourage creativity and initiative, trust and teamwork, and excellence in the delivery of government services.

We urge rapid implementation so that managers will have concrete evidence of progress and the momentum generated by the Public Service 2000 initiative is not lost.

Sufficient resources must be made available by departments and at the service-wide level for the communication and implementation of these recommendations. In particular, senior levels of management must be committed to the reforms and should be prepared to invest considerable time and effort into communicating and consulting with staff, preparing for the transition period and overseeing the implementation of the reforms. This is an essential prerequisite for successful cultural change.

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PURPOSE

1. This paper presents the final recommendations of the Task Force on the Management Category for actions aimed at restructuring and revitalising the management of the public service. A well motivated and structured management cadre is necessary to maintain and improve high quality service to the public.

BACKGROUND

2. The Task Force on the Management Category was established in December 1989 to review all issues associated with the Category and make recommendations for change that would facilitate the management of the Category and enhance the efficiency, effectiveness and accountability of the management of the public service.

3. The members of the Task Force met regularly over a six month period to discuss the values and principles which should govern public service managers, to identify the problems and irritants which hamper managers in the performance of their work, and to examine possible solutions that would allow the public service to better serve Canadians.

4. Deliberations rapidly focused on both the structure and management of the Category. The key areas of concern were seen as the need to streamline the structure of the Management Category to remove unnecessary levels of reporting relationships; the lack of common values and cohesiveness within the management cadre; inconsistencies between the responsibilities and authorities delegated to departments and managers; weaknesses in how we recruit, select, develop, promote, reward and discipline managers; and inadequate communication among public service managers.

5. Ten recommendations for immediate implementation were made to the Committee of Senior Officials (COSO) in our February 15, 1990 interim report. At the same time, a number of recommendations were made for actions to be started or for issues which required further study and consideration. This work has been completed, and this report summarizes our conclusions and recommendations.

6. Included as well is an assessment of the likely impacts of these recommendations on the size and cost of the public service, program effectiveness and delivery efficiency, legislative reform, operational practices, staff relations, and employee morale. More detailed explorations of underlying problems, alternatives considered, and the nature and implications of some of the solutions recommended are available in a number of background reports and discussion documents. These are listed at the end of this report and are available under separate cover from the Public Service 2000 Secretariat.

SUMMARY OF RECOMMENDATIONS

7. The following are the key recommendations from our Task Force:

8. *Redefining and Restructuring the Management Category*

   a. The Management Category should be renamed the Executive Group, to better reflect its composition of both senior level managers and staff advisors, and to emphasize that Senior Managers (SMs) are clearly part of the executive cadre within the public service.

   b. Other professionals or technical specialists, such as doctors, lawyers, scientists and engineers, should progress in separate but parallel career streams, even if the pay bands at the senior levels overlap with those of the Executive Group. As a result, in some situations, these professionals or specialists will be paid more than their manager-supervisors. This inversion of the traditional salary relationship will not be common, but it should be recognized as acceptable in certain circumstances.

   c. To simplify and streamline the structure of the Executive Group, the six classification levels currently within the Category should be collapsed into three by combining the EX-4 and 5 levels into a new EXEC-3 level, the EX-2 and 3 levels into a new EXEC-2 level, and the SM and EX-1 levels into a new EXEC-1 level.

   d. To facilitate rapid implementation and minimize transition costs, the new classification levels should be defined by existing Hay System point boundaries and current SM and EX employees should be "grandfathered" from the present structure to the new one. Each department should be permitted to determine its own transition approach and timetable, in consultation with the Treasury Board.

   e. The reduction of the number of levels should be implemented in a manner that does not increase aggregate department operating costs. Deputies should be held accountable for ensuring that any rise in salary costs resulting from collapsing the levels is absorbed within their operating budgets.

   f. Complement control should be gradually eliminated; deputies should be responsible for managing the number of executives within an operating budget, which would cover salaries and wages, other operating costs, and minor capital expenditures.

g. We endorse the recent Treasury Board decision to delegate to deputies the authority to classify and organize their departments up to and including the new EXEC-2 level, subject to an appropriate accountability regime.

9. *Building a Cohesive and Effective Management Cadre*

a. Efforts to define a management philosophy or set of values and operating principles to guide the actions of public service managers should be continued, within departments and, under the leadership of the Clerk of the Privy Council Office, at the service-wide level. These values should encourage managers to empower their employees and to foster work environments in which creativity and initiative, trust and teamwork, and excellence in the delivery of government services will flourish.

b. A distinctive regime to identify, develop and recognize managers outside the Executive Group should be developed and implemented. The term "manager" should be reserved for those with managerial responsibilities and managerial positions should be reserved for those selected on the basis of a competitive process which emphasizes human resource management aptitudes and abilities. A separate performance pay plan and process for annual salary adjustments should be established for these managers, as well as a flexible approach to benefits.

c. Departments should review their internal sub-delegation patterns to ensure that authority is placed where decisions have the most impact, and that the authorities granted to managers and front-line staff are commensurate with their responsibilities.

d. Efforts to improve communication among managers should be continued, including the extension of the Senior Executive Network to Executive Group members below the Assistant Deputy Minister level and managers outside the Executive Group.

10. *Staffing the Executive Group*

a. An appointment to level staffing process should be implemented for the Executive Group. The Public Service Employment Act should be amended to clearly state that all lateral movement is the prerogative of management and that deployments from one job to another where no promotion is involved will not constitute an appointment in law.

b. Deployment should be used to develop and motivate employees, as well as to meet operational needs. We believe that in the Executive Group, deployment should be the sole responsibility of management if the deployment is within the same commuting region. If the executive would have to move to another city or region as a result of the deployment, his or her consent would be required, unless the department had previously specified deployability as a condition of employment.

c. Deputies should be delegated the authority to staff their departments up to and including the new EXEC-2 level, subject to an appropriate accountability regime. The Public Service Commission should continue to monitor the process and ensure that the merit principle continues to be respected in staffing decisions.

d. We endorse the Treasury Board proposal to create a management trainee program with dedicated funding. Such a recruitment and career development program will help to ensure that the public service has the supply and calibre of executives it will need in the year 2000 and beyond.

e. We support the recommendations of the Task Force on Barriers to Women. In addition, we recommend that departments review their selection processes to ensure that they are not biased against women, capture the views of women in focus groups and surveys to help ensure that policies and practices are sensitive to their needs, and increase their efforts to identify qualified women in the private sector who would be suitable for appointment to all executive levels and to the feeder group level. We concur with the Task Force on Workforce Adaptiveness that women should be over-represented in developmental programs and assignments, and that recruitment and promotion boards, and developmental assignment committees should include women. Likewise, women should be fairly represented on assessment centre evaluation teams.

f. Meaningful strategies should be developed to ensure that the public service is representative of the Canadian population and able to benefit from the diversity of views and talents of Canadians. We believe that fundamentally the issue is one of changing corporate culture and management values. We recommend that statistics on representation by natives, persons with disabilities and visible minorities be improved. We concur with the Task Force on Workforce Adaptiveness that minorities, and other target groups, should be fairly represented on selection boards and over-represented in developmental programs. In addition, they should be fairly represented on assessment centre evaluation teams.

11. *Training and Development*

a. The training and development needs of managers should be reviewed at least annually. Departments should clearly specify the skills and attributes, and training and developmental requirements for all three levels of the Executive Group. We look forward to the guidance of the Task Force on Staff Training and Development on this and other training issues.

b. We concur with the Advisory Group on Executive Compensation that relocation policies are too restrictive and rigid. Corrective action is needed to allow departments to adequately compensate executives for moving. This is essential if we are to encourage regional/headquarters and inter-regional movement.

c. The various government programs that affect the capacity of senior public servants to move easily between the public and private sectors should be examined with a view to removing barriers to mobility and, where appropriate, facilitating this movement when it is in the best interest of the public service to do so.

d. Performance appraisal should be separated from career development review, although it is recognized that there is a relationship between the two. Performance pay would be determined based on an appraisal of the manager's contribution to the organization over the past 12 months and his or her management skills. A separate document would focus on the individual's career development needs, preferences and options.

e. Given that some of the overall performance ratings are rarely if ever used, the five current ratings should be revised so as to combine Satisfactory and Unsatisfactory into a new rating that would indicate that performance is not meeting management's expectations. The other ratings could also be modified in order to provide finer but clear-cut distinctions between levels of performance. The 30% rule for performance pay should continue to be applied so that Superior and Outstanding ratings (or any new equivalents) continue to be meaningful and valued.

f. The separation process for the Executive Group should be simplified, and deputies allowed to negotiate settlement packages directly with the individual.

12. *Compensation and Benefits*

a. The maximum salaries for the three new classification levels should be set at the salary maxima for the EX-1, EX-3 and EX-5 levels. As in the past, the salary ranges should be adjusted each year based on comparisons with the private sector and consideration of collectively bargained settlements for the new EXEC-1 level, and through a system of appropriate internal relativities for the new EXEC-2 and EXEC-3 levels.

b. Salaries would be permitted to rise within these new pay bands to levels commensurate with level of responsibilities, performance and experience, but aggregate operating costs should not rise. The normal rate of progress from the bottom to the top of these wider pay bands would be slower than in the past.

c. Annual economic adjustments to the salary ranges should continue to be integrated into basic pay unless an individual's performance has been very unsatisfactory and salary regression is warranted. Performance pay should be re-earned each year, although some portion could be added to the basic salary of those below the maximum salary at the discretion of senior management (and subject to the operating budget at the departmental level). Normally, some part of the performance reward would be incorporated into the salary base; to maintain some degree of comparability among departments, there should be a consensus each year on the portions to be incorporated.

d. Deputies should be given greater authority to design and administer customized performance reward plans as part of a strategic reward management approach. Appropriate safeguards will be required, and any alterations to the plans must be funded through the internal reallocation of management resources.

e. We also concur with the Task Force on Compensation and Benefits that greater use should be made of the ability to make spontaneous one-time bonuses to reward particular achievements.

f. A flexible benefits approach should be designed and implemented for members of the Executive Group. These employees should be permitted to select among a menu of optional benefits over and above a basic core package. Additional optional benefits should be offered, although the total package should remain cost-neutral.

g. As recommended by the Advisory Group on Executive Compensation, a separate and distinctive pension plan should be developed and implemented for the Executive Group. This pension plan should be designed so as to meet the needs of a wide variety of employees, and encourage mobility between the public and private sectors. It should be managed by a board with representation from the Executive Group. The level of benefits should at least equal those currently available.

13. *Implementation and Communications*

a. As our recommendations have been put forward as an integrated package, they should be viewed, publicized and implemented as such, as too partial an implementation may fail to achieve the desired cultural changes. We also urge rapid implementation so that managers will have concrete evidence of progress and the momentum generated by the Public Service 2000 initiative is not lost.

b. Sufficient resources should be made available by departments and at the service-wide level for the communication and implementation of these recommendations. In particular, senior levels of management must be committed to the reforms and prepared to invest considerable time and effort into communicating and consulting with their staff, planning the transition, and overseeing the implementation phase.

REDEFINING AND RESTRUCTURING THE MANAGEMENT CATEGORY

Redefining the Category

14. Our first set of recommendations is aimed at clarifying and simplifying the structure and control of the Management Category. To begin with we recommend that the name of the Category be changed to the Executive Group to explicitly recognize that it is composed of more than just managers. It also includes senior policy and other corporate advisors who may be without significant human or budgetary resources and who therefore do not "manage" in the strictest sense of the word. Management Category is also a misnomer because the Category excludes a large portion of the management cadre, or those public servants who can be defined as managers on the basis of their responsibilities for human, material and financial resources in connection with the delivery of a program or activity.

Renaming the Category would also emphasize that all members are executives, including current Senior Managers (SMs).

15. Employees whose interests and opportunities for advancement lie with a profession or technical specialty, and whose value to the organization lies in attributes other than those associated with either the management or staff advisor streams of the Executive Group, should progress within separate professional and specialist streams, even if the pay bands at the senior levels run parallel to those for the Executive Group. In essence, we are endorsing the proposals of the Task Force on Classification and Occupational Structures, and recommending that the approach used today for medical officers, lawyers and defence scientists be applied to other professions. Thus, for example, engineers, economists and natural scientists could pursue their professions at senior levels without having to join the Executive Group.

16. The overlapping of the pay scales will mean that in some situations, professionals and specialists will earn more than their managers/superiors, by virtue of the scarcity of and market demand for their skills. This inversion of the traditional salary relationship will not be common, but it should be explicitly recognized as acceptable within the public service, in certain circumstances.

17. The establishment of relatively broadly based parallel career streams could remove some employees from the Executive Group, such as the management levels of the Research and Foreign Service Groups. The reduction to three levels within the Executive Group, however, will set the salary maximum for the EXEC-1 level above that of the senior levels of most other classification groups. This could make entrance into the Executive Group relatively more attractive and thereby generate pressure for the reclassification of senior level positions. The delegation of classification authority must be accompanied by an appropriate accountability mechanism and an aggregate expenditure ceiling (operating budget), to ensure that managers will withstand reclassification pressures solely aimed at increasing salaries.

18. Members of parallel classification groups would be eligible for appointment to executive positions only if they formally met the more generalist managerial or staff specialist/corporate advisor criteria of the Executive Group.

19. At the Assistant Deputy Minister level, all employees should be within the Executive Group. ADMs are primarily service-wide rather than departmental resources, and should all be included within one classification group to maximize deployment flexibility. The one exception would be for the Law Group -- the maximum salary at the senior level of this group is equivalent to that of an EX-5 ADM, and the work is so specialised that deployment flexibility is not a requirement.

Reducing the Number of Levels

20. There are currently six classification levels within the Management Category. This has, in some cases, encouraged the addition of layers to the management hierarchy. Although a two step difference between reporting levels is prescribed, it is not easy to enforce. As a result, there is often relatively little difference between adjoining levels in terms of duties and responsibilities. The differentials between salary ranges are sometimes considered insufficient to encourage managers to accept more responsibility.

21. The multiplicity of layers can blur lines of communication and accountability. In addition, the two level gap between employee and supervisor has created barriers to career progression.

22. The six level classification system has also proved an onerous administrative burden on departments and central agencies. There are now six "cut points" at which there is pressure to upgrade jobs and use the classification system to reward and retain valued employees. Treasury Board Secretariat figures reveal that 1,200 to 1,500 evaluation decisions are completed annually, as well as 500 to 700 administrative actions such as deletions, position number changes and title changes, with respect to 4,600 Management Category jobs. As a result, personnel processes are cumbersome and slow. This view was echoed by the Nielsen task force which found that the cost of personnel administration within the federal system was considerably higher than in the private sector, even allowing for major differences between the sectors.

23. With fewer management levels, decision making should be quicker, and it should be easier for staff and managers to communicate with each other. A simplified management structure should be easier to administer and less costly. Reducing the number of levels within the Management Category will also support delayering efforts already under way in departments, and perhaps more importantly, serve as a stepping stone towards other goals. One of these is the introduction of an appointment to level staffing system.

24. We therefore recommend that the current six classification levels be collapsed into three by combining the EX-4 and 5 levels into a new EXEC-3 level, the EX-2 and 3 levels into a new EXEC-2 level, and the SM and EX-1 levels into a new EXEC-1 level.

25. Three levels are recommended, rather than a four level structure which distinguishes SMs from EX-1s, on pragmatic grounds. Three levels at the executive level have been identified as operationally sound and effective by such diverse agencies as the Public Service Commission ("Profiles of Public Service Leaders and Managers"), the Task Force on Classification and Occupational Group Structures, the Ontario provincial government and the Australian federal government.

Secondly, the three recommended levels would also reflect a hierarchical structure of Assistant Deputy Minister, Director General and Director, levels which are widely used throughout the public service and well understood. Thirdly, the advantages sought through the reduction of management levels, such as quicker decision-making, clearer lines of accountability, greater deployment flexibility, ease of communications between all levels, reduced classification and staffing action, a continuous career development pyramid, would be more pronounced with three rather than four levels. Finally, continuing to distinguish between SM and EX directors (a likely scenario with four levels) would be seen by SM managers as inequitable and would further depress an already low morale.

Conversion

26. To facilitate rapid implementation and minimize transition costs, the new classification levels should be defined by existing Hay System point boundaries, and current SM and EX employees should be "grandfathered" from the present structure to the new one. The implementation of the three level classification system will undoubtedly create pressures on, and in some cases should facilitate, delayering efforts currently under way in many departments. Departments should review opportunities for organizational change in advance of the conversion process in order to identify the most effective and least disruptive approach to introduce the new classification system.

27. As the reduction to the proposed three levels will cause some departments problems, flexibility will be required during the transition period. Each department should be permitted to determine its own transition approach and timetable, in consultation with the Treasury Board.

Classification Authority

28. Our preliminary report recommended the immediate delegation of classification authority to deputy ministers for up to and including the current EX-3 (proposed EXEC-2) level, with an appropriate accountability mechanism. Delegation was subsequently approved. The accountability mechanism proposed by the Treasury Board is still under discussion. Any mechanism adopted should be based on the principle that departments can be trusted with authority. Treasury Board would monitor and report on performance.

29. Our preliminary report also recommended that the application of the Hay Plan be studied in order to determine if it leads to inequities in the classification of regional and headquarters, and line and staff positions. The Treasury Board Secretariat has agreed to conduct such a study. Modifications which could ease the administrative burden of the system, and make it easier for managers to exercise the delegated classification authorities, should also be explored.

Complement Control

30. The Management Category Complement Control was introduced in the early 1970's in an attempt to control a rapidly expanding executive group. This control is no longer as necessary or appropriate. The size of the Category has been relatively stable over the past decade and could decline in size under the combined impact of delayering and collapsing the number of classification levels. In addition, the continued application of the Hay job evaluation system will be sufficient to ensure that any alterations to the Complement can be justified; the establishment of operating budgets will set limits on changes in staff size; and the creation of assistant deputy ministers remains a central agency function under our proposals. Complement Control is not fully consistent with the Public Service 2000 and Increased Ministerial Authority and Accountability (IMAA) philosophies which argue for the replacement of controls and regulations by after the fact accountability for results, moreover, pilot projects have demonstrated that the removal of person-year controls do not necessarily result in unwarranted increases in staff size.

31. We therefore recommend that Complement Control be gradually replaced with an operating budget, which would cover salaries and benefits, other operating costs, and minor capital expenditures. We agree with the Task Force on Resource Management that this approach would maximize the latitude of departments to vary the mix of these items in order to meet unique operational requirements. The approach will also permit better costing of program delivery and assessment of delivery efficiency. An appropriate accountability scheme which holds departments (and individual managers) accountable for results obtained will be required; at the departmental level, this might take the form of an IMAA agreement.

BUILDING A COHESIVE AND EFFECTIVE MANAGEMENT CADRE

Shaping Common Values

32. Over the past decade, a number of attempts have been made to sketch the dimensions of a management philosophy which clearly identifies the values, principles and objectives which should be shared by public service managers in the pursuit of their responsibilities. The high degree of consensus as to the basic elements encourages us to believe that such a goal is achievable. We also believe it to be highly desirable.

33. We therefore recommend that initiatives to define a "management ethos", based on the raison d'être of the public service -- nation building, service to the public and efficient management of the resources entrusted to us -- should be vigorously pursued within departments and at the corporate level. The sharing of a common set of clearly articulated values and operating principles would help to

create a vital and cohesive management cadre and influence the manner in which policies, structures and processes are developed and implemented. In particular, we believe that these values should encourage managers to foster an environment in which creativity, risk-taking and excellence in the delivery of government programs can flourish and be rewarded. These values and principles should also encourage respect for others, trust, teamwork, adaptiveness, responsiveness, and high quality service to the public. Once defined, these values must be instilled in all managers.

34. Defining management values is a longer term project, and one which should be lead at the corporate level by the Clerk of the Privy Council, with the assistance of a specially constituted Public Service 2000 task force, the Canadian Centre for Management Development, and APEX. This corporate exercise should build on the work done to date by task forces and departments.

Recognizing Managers Outside the Executive Group

35. The new definition of the Executive Group continues to exclude significant portions of the management team necessary to manage departments and government programs. Managers outside the Executive Group cannot easily identify with a common managerial cadre at the departmental or service-wide level and therefore may not necessarily understand their managerial roles and responsibilities, or share common values and principles.

36. The lack of a "pure" management classification group also prevents a uniform approach from being applied to the selection, training and career development, job evaluation and compensation of managers and prospective managers. Employees with significant managerial tasks, but who are outside the Executive Group, are not always given suitable management training and development or adequately compensated for management risks and responsibilities.

37. To offset these disadvantages, we recommend that managers be clearly distinguished from other employees, both within the specialized parallel occupational streams and at the SM-1 and SM-2 levels. The term "manager" should be reserved for those with managerial responsibilities. These managers need not be excluded from collective bargaining, although when appropriate, for example when the employee serves as a step in the grievance process, they should be excluded.

38. Managerial positions should be reserved for those selected on the basis of a competitive process which emphasizes human resource management aptitudes and abilities. Employees with management potential should be identified at an early stage, through expanded use of the assessment centre approach, and systematically developed to ensure that the public service has the supply and calibre of managers it will need in the future. Women and other employment equity groups should be

well represented in the executive feeder groups and over-represented in developmental programs.

39. To further distinguish managers, a separate performance pay plan should be established, as well as a separate process for annual salary adjustments, and a flexible approach to benefits. As the extension of these benefits to managers who are under collective bargaining would alter the terms and conditions of employment, these recommendations should be discussed with unions at the earliest opportunity.

40. We believe that the implementation of a distinctive regime for excluded managers, and the inculcation of a common set of core values, will help to create a cohesive management cadre at both the departmental and corporate levels. The introduction of a distinctive regime for all managers, whether within a parallel stream or at the SM-1 and SM-2 levels, will also accentuate the value placed on managerial responsibilities and improve the ability of deputy heads to form, deploy and manage their management resources.

Empowering Managers

41. Managers must be provided with authorities commensurate with their responsibilities. We have proposed a number of additional delegations to departments (classification, staffing, etc.) which should be appropriately sub-delegated. In some instances, however, the stumbling block is with the department. We therefore recommend that all departments review their internal systems and practices to ensure that authorities are sub-delegated to the appropriate level below the deputy head and decentralised to regional managers and front-line staff. Authority should be placed where decisions have the most impact.

42. Managers must also be encouraged to use these delegated powers fully and to be innovative in their efforts to improve effectiveness and efficiency. This cannot happen without some changes in the traditional rules of the game -- the occasional error or failure must be accepted by senior management and the political level as an inherent cost of doing business under the new management philosophy. Reward and recognition systems must likewise be reoriented to encourage creativity and the full exercise of the powers available to managers.

Improving Communication Among Managers

43. We also believe that communication among managers and members of the Executive Group should be improved. For example, many managers do not consider that adequate effort is made to ensure that they are aware of new government initiatives and priorities, that they understand resourcing practices

used within the Management Category, or that they are properly informed about opportunities for advancement at the departmental and service-wide levels.

44. Task Force members strongly support improvements to the circulation of information about vacancies, deployments and appointments in particular, and improvements to the circulation of timely information of interest to managers in general. In our preliminary report we recommended the implementation of the Senior Executive Network (SEN). Subsequently approved, this service will initially connect DMs and ADMs, but should be extended downwards to connect all Executive Group members. Extension to connect particular subgroups outside the Executive Group may also be possible. This electronic network is an obvious carrier for up to date information on vacancies, appointments, and other staffing information. With the addition of strategic, financial, and other information, it should become a primary communications network for the Executive Group and the management cadre of the public service. This network could provide a unique opportunity for the public service to reduce its dependency on paper-based information exchange. It could profoundly alter the way in which we collect, store and disseminate information.

45. Our other recommendations for further efforts which could be undertaken to improve the circulation of information of interest to managers include more frequent publication of the Manager's Magazine/*La Revue des Gestionnaires*, the establishment of a "best practices" exchange and updates for Executive Group members and managers modelled on the ADM Updates.

STAFFING THE EXECUTIVE GROUP

Modification of the Staffing Process

46. Under the Public Service Employment Act (PSEA), selection of an individual to perform the duties of a particular "job" is made on the basis of the specific requirements of that job and results in the "appointment" of the individual to a specific position. Any subsequent move or "deployment" to another job legally constitutes an appointment. In the Management Category, intra-departmental moves (or deployments), where there is no change in an individual's classification, are delegated to deputy heads from the Public Service Commission. The authority for all other appointments (inter-departmental deployments and promotions) is retained by the Public Service Commission.

47. The Task Force developed a set of principles that should guide any changes to the current promotion system. These principles are:

- the basis of promotion should include the relative assessment of candidates against a level standard

- there should be no systemic barriers to a representative public service and the system of promotion should be responsive to policies regarding the correction of representational imbalances
- it should be and be seen to be fair. It should provide all members of the Executive Group with a fair opportunity to be considered for promotion at reasonable points in their career
- it should give executives authority over who performs what function in their organization
- it should be flexible enough to respond to operational needs
- within such a system, executives should be considered both a departmental and corporate resource
- it should be capable of developing executives by facilitating their obtaining a wide breadth of experience.

48. In examining the current approach to staffing the Management Category, we were conscious of the recommendation coming from the Task Force on Staffing respecting the concept of appointment to level. Specifically, that Task Force drew the distinction between the capacity to assign an individual to a job independent of his or her classification level and promoting that individual. The Task Force is recommending that the "deployment" aspect of appointment to level be introduced for all occupational groups by amending the legislation to state clearly that all lateral movement is the prerogative of management and that deployments from one job to another where no promotion is involved will not constitute an appointment in law. We endorse this recommendation. Acceptance of it will change the current situation within the Management Category as it will remove the "ownership" aspect of appointment to position.

49. The question of whether an individual can be redeployed without his or her agreement was also discussed. It is the view of our Task Force members that the Executive Group should be designated as one of those occupational groups where deployment should be the responsibility of management if the deployment is within the same commuting region. If the executive would have to move to another city or region as a result of the deployment, his or her consent would be required, unless the department had previously specified deployability as a condition of employment.

50. In considering the promotion to level component of the appointment to level concept, the Task Force began by discussing at length the problems with the current system which must be addressed. Of particular concern is the widespread perception among members of the Management Category that promotions are

predetermined. As a basis for this sense of unfairness, employees point to the fact that many promotions are not competitive, those that are competitive are often won by someone who has been occupying the job on an acting basis, and vacancy notices often include highly specialized statements of qualifications which give the impression that they were designed to eliminate candidates or to favour specific candidates. It is also believed that entrance to the Category and promotion within it are based more on specialist capabilities than on an assessment of management skills. There is a general consensus that, as a result, the system does not ensure that those promoted to management have the necessary skills to manage.

51. Considerable time was spent debating the pros and cons of various models of promotion to level that could be applied to the Executive Group. In its purest form, promotion to level is a centrally driven annual exercise that assesses those who are considered ready for promotion against a service-wide standard that applies to all jobs classified at a particular level (thus appointment to level). We concluded that this pure form of appointment to level could be applied to the ADM level but that, for the entrance level (Director) and the intermediate level (Director General), it would be appropriate to consider not only the service-wide requirements of the level but also the technical requirements of individual jobs.

52. Accordingly, we are proposing a model which is based on the concept of promotion to level but which would be implemented differently at the entrance and Director General level than at the ADM level. In effect, entrance to the Executive Group and promotion to the Director General level would be based on both the particular requirements of individual jobs and a service-wide standard for the particular level. This would result in a departmentally constituted competitive process on an individual job basis as vacancies would occur and where intra- or inter-departmental deployment was not an option. However, following selection, the individual would be appointed to the appropriate level rather than to the particular position. At the ADM level, the Task Force concluded that a centrally driven promotion to level process would be appropriate and should be implemented. A more detailed description of the model we are recommending is available as part of a package of background reports.

53. In order to address the question of fairness discussed above, the Task Force recommends that the advertising of promotional opportunities be the rule rather than the exception and that the Public Service Commission play a prominent role in those promotional processes run by departments at the Director and Director General level.

Staffing Authority

54. Staffing authority for the Executive Group should be delegated to deputy heads for up to and including the current EX-3 (proposed EXEC-2) level. Each department should be able to promote managers within and to the Group from

within the department or from other departments, and to recruit candidates from outside the public service. This delegation would be accompanied by appropriate accountability mechanisms. The Public Service Commission will play a shared role in promotional processes run by departments under its mandate to ensure that the merit principle continues to be respected in staffing decisions. Rates of inter-departmental movement should be monitored subsequent to delegation, as other jurisdictions making a similar change have noted a decline. Additional initiatives may be required to counter any substantial decline, for example, through better circulation of information about managers in all parts of Canada and through appropriate inter-departmental movement objectives and accountability, keeping in mind targets for hiring from specific groups.

Recruitment Mix

55. The public service is vitally dependent on the recruitment done today for its managers of tomorrow. It is therefore imperative that there be a program aimed specifically at attracting the best and brightest from our universities into the public service. Specifically, the Task Force recommends a management trainee program with dedicated funding. With greater departmental attention to human resources management, and judicious use of developmental programs such as the Career Assignment Program (CAP), this intake from the universities will give the public service the supply and the calibre of managers it will need in the year 2000 and beyond. It is our understanding that Treasury Board approval is being sought for the resources needed to establish a management trainee program and to enhance post-secondary recruitment.

56. Managers have experienced difficulties in not only recruiting but retaining target group members. Barriers to the advancement of women, aboriginals, visible minorities and persons with disabilities into and through the managerial ranks exist at both the corporate and departmental levels.

57. With respect to barriers to women, we have carefully reviewed the report of the Task Force on Barriers to Women and strongly support the directions proposed therein. We endorse their recommendations, including holding deputies and managers accountable for progress towards gender balance in all groups and levels; allowing part-time employees to contribute to the pension plan; lengthening the pay-back period; encouraging job-sharing, part-time work, working at home, and more flexible working hours to help employees trying to balance work and family responsibilities; and conducting exit interviews in order to identify departmental and corporate barriers and irritations.

58. In addition, we recommend the following measures to help rectify the gender imbalance in the Executive Group:

- outside consultants could be used to identify inadvertent discriminatory factors which operate within a department. This could help provide a basis for an action plan
- job descriptions and selection processes should be scrutinized to ensure that they are not biased against women candidates
- recruitment and promotion boards, evaluation teams in assessment centres used to evaluate management potential, and departmental developmental assignment committees, should include women
- the views of women should be adequately captured in attitudinal surveys of managers and focus groups. For example, their needs and preferences should be captured as part of the planning of a flexible benefits approach and pension reform. Input of this nature is essential to help ensure that policies and practices suit the variety of employee needs
- more pro-active efforts should be instituted to attract women outside the public service into the Executive Group feeder levels and to identify qualified women for appointment to the executive cadre
- developmental programs and assignments should over-represent women, and should be aggressively used to ensure that an adequate pool of qualified women exist as candidates for entry and advancement
- job-sharing and part-time work should be fully considered as time at level for the purposes of management advancement.

59. According to the Public Service Commission, representation from other employment equity groups falls well short of their levels within the Canadian population at large. The lack of reliable figures for their representation within the public service, as members of these groups are self-identified, is troubling. Without greater precision as to the extent of the problem, it is difficult to set appropriate goals or to measure progress. Further effort is required to redress this shortcoming.

60. Meaningful strategies must be developed if we are to ensure that the public service is representative of the Canadian population, and able to benefit from a rich diversity of views and talents. We believe that fundamentally the issue is one of changing corporate culture and management values.

61. We also concur with the Task Force on Workforce Adaptiveness that selection boards should include minority members and that natives, minorities and persons with disabilities should be over-represented in developmental programs. In addition, they should be fairly represented on evaluation teams in assessment centres.

TRAINING AND DEVELOPMENT

Training and Career Development

62. We believe that a planned and pro-active approach to the development of managers at all levels from supervisor to ADM is necessary to guarantee an adequate supply of well qualified managers. The primary responsibility for the provision of training and development lies with departments. We concur with the proposed new policy framework developed by the Staff Training Council that departments should establish clear statements of the kinds of skills, experiences and competencies required of managers at all levels. Such statements should be based on the "Profile of Public Service Leaders and Managers" and must reflect service-wide as well as departmental requirements. We believe that such requirements or criteria should control entrance into and advancement within the Executive Group.

63. We also concur that the training and development needs for each manager be reviewed at least annually; in a later section, we propose changes to the appraisal process that we believe will increase the attention paid to these considerations. Career planning will become increasingly critical with the compression of the executive classification levels. As promotions will happen less frequently, lateral movement will become a more important source of challenging assignments which develop and motivate employees. Career planning should also be improved for management candidates in feeder groups, to ensure that they understand and can meet the prerequisites for entry and advancement.

64. Management development normally takes place through job experience, interpersonal relationships, and formal education and training. It is generally agreed that most learning takes place on the job and that this is the most effective form of career development. We recommend more mandatory situational training and rotational assignments be provided at all levels to develop and refine managerial skills.

65. The mandatory orientation training necessary to give managers the knowledge base they need to operate within the public service, and to help them identify their operational and structural role, should continue to be made available as early as possible to new entrants to the Executive Group. We also believe that management training should be provided to future Executive Group members. Beyond ensuring a steady source of competent public service managers, training

should also introduce would-be managers to the public service management ethos or values intended to influence behaviour and corporate culture. We support all efforts under way to review the adequacy of management training and orientation courses and agree that these should be tailored to the needs of managers irrespective of their classification level. We look forward to the guidance of the new Task Force on Staff Training and Development on this and other training matters.

Counselling and Placement Services

66. In our preliminary report we argued that enhanced counselling and placement services should be made available to members of the Executive Group. The introduction of the Public Service Commission's proposed diagnostic and career counselling service for the Management Category will meet the needs identified by the Task Force.

Mobility Within the Public Service

67. It is important that future deputy ministers and assistant deputy ministers have work experience in regional centres. In order to encourage executives to seek and accept assignments in other regions, flexibility with respect to setting compensation levels will be required. This and other strategic tools should be used to encourage greater headquarters/regional movement and inter-regional movement.

68. Another impediment to inter-regional and inter-departmental mobility is the relocation policy. We agree with the 1988 Report of the Advisory Group on Executive Compensation that relocation policies in the public service are more rigid and less realistic than those found in the private sector. Further effort is required to identify and implement corrective actions which would encourage regional/headquarters and inter-regional mobility. Major concerns in this respect are the negative impacts on the career progression of spouses and variations in the cost of living between regions.

Mobility Between the Public and Private Sectors

69. The Task Force believes that increased two-way flow of executives between the public service and the private sector is desirable. Such exchanges enhance mutual understanding and respect, and sensitize executives to the goals, problems, needs and attitudes of the other sector. In addition, this kind of interchange enhances the circulation of information about good management practices. We believe that barriers which prevent such movement should be reduced or removed. We do not consider that such an action will deplete the public service of its best and brightest.

70. Instances arise regularly where it is both in the interest of a senior public servant and the public service at large to facilitate the movement from the public service to the private sector. Usually, this occurs when an individual has identified a possible position in the private sector, but there is some uncertainty on the part of the individual and the potential private sector employer that the move would be successful. We believe it is in the interest of the public service to examine the various programs and policies that relate to this kind of mobility with a view to removing any barriers that might exist and, when appropriate, facilitating a "trial period" that would help both parties decide on the permanency of such a move.

71. The sort of changes that we would envisage include using the provisions of Interchange Canada and Business/Government Executive Exchange programs as vehicles for providing this kind of "proof period". This would involve, in those instances described above, the use of the standard agreement but removing certain provisions for these cases. Specifically, the agreement would not include the condition that an offer of employment could not be made at the end of the assignment. Similarly, a lower scale salary could be permitted in recognition of a learning curve that would be present in a number of cases -- the department would make up the difference to the individual. It would be understood that in these particular cases, individuals would be permitted to negotiate arrangements that would not exceed the normal public service salary and benefits.

Performance Appraisal

72. The appraisal system was scrutinized to determine if it is appropriately structured. It serves a number of different aims (performance review, determination of compensation, career review, identification of training needs, and reporting to central agencies) and we questioned its ability to serve all well.

73. Based on this review, we recommend that a distinct performance appraisal policy be developed and issued for members of the Executive Group which would separate the process into two -- performance appraisal and career development review -- although recognizing that the two are related.

74. The performance report should evaluate a manager's contribution to the organization during the past 12 months and his or her managerial skills and attributes. This should summarize the dialogue that should have been ongoing between an employee and his or her manager during the previous 12 months. Central agency policy on performance appraisal should encourage self-evaluation, so as to better ensure that this dialogue is as constructive as possible. A self-evaluation document would constitute the basis for discussion, but would not replace the supervisor's right to change or modify the wording therein.

75. We concur with the recommendation of the Task Force on Workforce Adaptiveness that the views of subordinates on the quality of management

supplied over the appraisal period should be taken into account by those responsible for the evaluation. While this should not be the dominant input into the appraisal, feedback of this nature should be sought (for example, through a survey of employees) in order to help identify and correct problems.

76. Given that some of the overall performance ratings are rarely if ever used (in particular, the Unsatisfactory rating), the five current overall ratings should be revised so as to combine Satisfactory and Unsatisfactory into a new rating that would indicate that performance is not meeting management's expectations. The other ratings could also be modified in order to provide finer distinctions between levels of performance. Any new ratings should be clearly defined and distinguishable. The overall performance rating would only be used for determining performance pay, and not the longer term career potential. With the flexibility now available for performance pay, the 30% rule should continue to be applied to ensure that Superior and Outstanding ratings (or any new equivalents) are meaningful and valued, and its purpose clarified.

77. A separate career development report would identify training needs and recommendations, developmental options, and the manager's own aspirations and preferences. Again, this report would not comment on the individual's potential.

78. The performance appraisal should not be used for staffing purposes when appointment to level is introduced for the Executive Group or a portion thereof. Instead, an overall multi-year summary evaluation by a senior executive, endorsed by the department's senior management committee or the deputy minister, might constitute an effective mechanism. Such a document should address a "master list" of skills and abilities; this list would be developed by the central agencies to ensure a reasonable discipline and consistency in the process.

Separation

79. While it has become easier for senior management to address serious performance problems, further effort is required to simplify the process of dealing with consistently below par performers. To increase the flexibility of the deputy, a separation process should be applicable not only to those who are surplus to departmental requirements (as a result of downsizing, delayering or restructuring), or those whose performance has clearly deteriorated, but also to those whose commitment and contribution to the department is so marginal that their departure would benefit the organization.

80. Deputies should continue to consult with the Public Service Commission prior to initiating a separation process, to determine if a manager's skills and experience might be productively utilized elsewhere in the public service. The Treasury Board Secretariat should continue to play a key role in the process, providing front-end expert advice on the strengths and weaknesses of each case,

settlement trends in the public service and private sector, recent court decisions, inter-departmental relativity, and a recommended settlement for each situation. Departments should also have the flexibility to negotiate the settlement package directly with the individual.

COMPENSATION AND BENEFITS

Compensation Policy

81. Two major and related concerns raised by the recommendation to collapse the levels of the Executive Group are (i) that the new broader pay bands could mean that executives might get paid the same amount despite marked differences in their responsibilities, and, (ii) that overall salary costs will increase as employees' salaries rise to the new pay maxima through annual increases.

82. A number of options were explored to address these issues. We believe that a single salary maximum should be applied to each of the new levels, despite the wide range of duties and responsibilities which these can contain. Multiple pay bands within each classification level would be a mistake, as they would serve as *de facto* sub-classifications. They would be complex to administer, and would perpetuate the upward reclassification pressure that causes so much work and friction with the present system. In addition, pay barriers would undermine all attempts to delayer and would be inappropriate within a system in which executives are promoted to level as salaries cannot fluctuate with each deployment.

83. We therefore recommend that a single compensation maximum be set for each of the three new classification levels at the salary maxima for the EX-1, EX-3 and EX-5 levels. Compensation levels would continue to be set based on external comparisons, using the new midpoint, and internal relativities for the new EXEC-1 level, and through a system of internal relativities for the new EXEC-2 and EXEC-3 levels.

84. Within the new pay bands, salaries would be permitted to rise to levels commensurate with level of responsibilities, performance and experience, but the departmental operating budget should not rise. Deputies should be held accountable for remaining within an operating cost ceiling. This could be accomplished by limiting the number of managers who could progress into the upper portion of the range to those whose responsibilities clearly merit higher pay levels; reducing the number of executives; and/or reducing the speed at which individuals progress through the scale by eliminating or reducing the proportion of performance pay which is permanently captured as a salary increase.

85. We considered the argument that all adjustments to salary should not be automatic but subject to managerial discretion. While this may be consistent with

private sector practice, and allows salaries to fall in real terms for consistently poor performance, we believe that the radical application of such an approach would be ill-advised. The public service has come to expect that fully satisfactory performance will be rewarded in some incremental fashion each year, to offset at least in part the impact of inflation, and to recognize, at least in some token fashion, merit and increased experience. Disappointing these expectations could reduce the motivation to perform well, increase mistrust and dissatisfaction, and reduce the attractiveness of entry into the executive ranks.

86. On the other hand, we believe that the rate of progress through the new pay bands may be slowed relative to historical levels. The rate of progress of executives from the bottom to the top of each of the new wider salary ranges could be slower than the rate of progress in the past through the narrower pay bands.

87. Annual economic adjustments to the salary ranges should continue to be integrated into basic pay unless performance has been very unsatisfactory and salary regression is warranted. Performance pay should be re-earned each year, although some portion could be added to the basic salary of those below the maximum salary at the discretion of senior management (and subject to the operating budget control at the departmental level). Normally, some part of the performance reward would be incorporated into the salary base; to maintain some degree of comparability among departments, a consensus should be sought each year on the portions to be incorporated.

Performance Rewards and Incentives

88. We support the recommendations of the Task Force on Resource Management that compensation, benefits and performance rewards should be more explicitly directed towards encouraging and rewarding desirable behaviours (including teamwork and sound human resources management practices) and we believe that the authority to make spontaneous one-time bonuses to reward particular achievements should be increased and sub-delegated. We also recognize that non-monetary rewards and recognition are critical motivators that should not be neglected.

89. We agree with the principles recommended by the Task Force for the design of performance rewards, as a replacement for performance pay, and we believe that deputies should be given greater authority to develop and administer customized performance reward plans suited to their operational needs and departmental culture. Appropriate safeguards will be required in return for this added discretion. Alterations to performance pay plans must be funded through the internal reallocation of management resources so as to be cost-neutral.

Benefits and Perquisites

90. Allowing employees to select among benefit options and variable coverage levels is becoming more popular in the private sector. With respect to the public sector, such an approach offers significant advantages, as it would better meet the diversity of needs of the labour force, and therefore render the public service more attractive to employment equity groups. It maintains the ability to control costs, but at the same time, increases employee satisfaction with the same dollar outlay. A recent survey of public sector managers confirmed high levels of interest in a flexible approach.

91. We therefore recommend that a flexible benefits approach be implemented for the Executive Group, on a cost-neutral basis for departments and the public service as a whole. Employees would be permitted to select a set of benefits equal in cost to those provided under the current plan. A basic or core package should be offered to ensure that all employees have certain basic protections. New types of benefits and higher benefit levels should be included in the menu of options, and employees permitted to select cash in lieu of benefits from the optional menu.

92. Employees should be provided the opportunity to reaffirm or alter their selection annually. Counselling services should be provided to assist employees in this annual selection process.

93. Members of the Executive Group should be consulted to ensure that their wishes and preferences are considered during the design phase. This consultation process should include a sample survey of executives, similar to that conducted in 1982. This survey should be replicated on a periodic basis and the results disseminated to all Executive Group members.

94. While the benefits package itself would remain cost-neutral, existing departmental compensation organizations may need to be expanded to administer the more complex system we propose. These additional resources, however, could be offset by the savings which will be realized from the proposed simplification of the classification and staffing systems for the executive levels.

Pension Reform

95. The last three reports of the Advisory Group on Executive Compensation have argued that a distinctive pension plan should be developed for the Management Category in order to provide adequate flexibility for its management. In light of the proposed changes to the Income Tax Act, a separate pension plan for the Executive Group is even more imperative.

96. We believe that this should consist of a basic registered plan (separate from the public service superannuation plan) and a supplementary plan to at least

maintain the current levels of benefits. The Executive Group pension plan should be managed by a board which includes representation from the Executive Group.

97. Some of the preparatory work is under way to reform the Pension Act. We recommend that the following features be considered in these pension reform efforts and in the development of a distinct pension plan for the Executive Group:

- the portability of pension accruals should be enhanced in order to encourage mobility within the public service and between the public service and other sectors of the economy
- some of the age and years of service penalties on early retirement should be waived, at least in certain circumstances, in order to encourage movement of senior managers out of the public service
- trade-offs between compensation and improved pension provisions should be investigated, and implemented where appropriate
- pension coverage should be extended to part-time workers in order to increase the attractiveness of the public service to employment equity target group members
- the pay-back period for women returning from care and nurturing leave should be lengthened.

IMPACT ASSESSMENT

98. We believe that the majority of our recommendations can be implemented without increasing overall costs. For example, we have proposed that the reduction of the classification levels and enhancement of performance rewards be cost-neutral with respect to the aggregate operating costs.

99. Several recommendations will require additional resources -- the extension of the Senior Executive Network below the ADM level, proposed pension reforms, the introduction of a management trainee program, increased use of assessment centres for managers and executives, and increased training for managers. In addition, costs would increase if executive benefits or perquisites were extended to excluded managers. More proactive recruitment of women and the administration of a flexible benefits approach will be more time-consuming. The delayering and restructuring processes subsequent to the transition to three classification levels will also demand considerable senior level time and effort.

100. On the other hand, a number of our recommendations will reduce administrative overhead and improve productivity. The reduction in classification

and promotion activities as a result of simplifying the classification structure are two obvious examples. It is difficult to quantify the cost savings that would be generated by these initiatives, or to put a dollar value on faster decision making, better communications, improved morale and better service to the public. It is likely, however, that the productivity gains to be realised would outweigh any cost increases, judging from the calculations made by the Task Force on Classification and Occupational Group Structures of the cost savings which would be generated from the restructuring of the classification system.

101. The size of the Executive Group may decline marginally over time as a result of our recommendations. Since we are recommending that deputies be responsible for remaining within operating budgets subsequent to the reduction in classification levels and introduction of other initiatives, the trade-offs made between staff size and compensation could reduce the size of the Group. The net result of ongoing delayering efforts, and further sub-delegations of authorities, will also encourage deputies to pare down their executive ranks.

102. Our recommendations, if successfully implemented, will alter operational processes. Managers below the Executive Group, and regional and front-line staff will have greater authority and responsibility. All delegations of authority (and sub-delegations) will require sound accountability mechanisms. The introduction of appointment to level staffing will require the development of level standards, and a corporate promotional process for the ADM level. Our proposals will alter the performance appraisal process and require alteration of the definitions of the overall performance ratings. The introduction of a flexible benefits approach will require an initial selection and annual reselection process, and employee counselling services. We are also proposing that the assessment centre approach be used to identify the management potential of Executive Group members and would-be managers at the SM-1 and SM-2 levels. This would expand the use of assessment centres.

103. Only two recommendations will require legislative change: the establishment of a separate Executive Group pension plan (and pension reform) and the amendment of the PSEA to permit the appointment of individuals to levels in addition to the current ability to appoint to positions.

104. As can be expected, few of our proposals have any implications for staff relations, given that all members of the Executive Group are excluded from collective bargaining, and we make no recommendation to increase the number of managerial exclusions. We are, however, recommending the introduction of a special regime to distinguish and recognize managers outside the Executive Group. As the extension of this regime to unionized managers would alter the terms and conditions of employment, we recommend that discussions be held with union representatives with respect to this regime.

105. On balance, we anticipate that our recommendations will improve employee morale. For example, on the basis of the sample survey we had conducted of 400 public service managers, we feel that the majority will approve of our proposals to increase training opportunities and attention to career planning, to introduce flexible benefits, and to separate performance appraisals from career planning. It would also be logical to assume that our proposals to create a distinctive and revised pension plan, enhance mobility, and clarify criteria for advancement will be favourably received by Executive Group members. We also believe that the creation of a distinctive regime for managers outside the Group will be positively viewed by managers, so long as it can be equitably applied to those within and excluded from collective bargaining.

106. Renaming the Category will also be favourably received, as it will improve the status of current members, and help end the isolation of SM level employees. Reducing the number of classification levels will please some and upset others. EX-1s, 3s and 5s might feel that their promotion opportunities have declined. Attitudes of SMs, EX-2s and 4s will be more positive, but will depend on how each department determines salary progression within the wider pay bands. Our survey revealed a slim margin in favour of reducing the number of levels (54%), one quarter against, and a high degree of uncertainty (21% neutral). Special communications efforts will be required to dissipate this uncertainty and persuade managers of the benefits of streamlining and modernizing the structure of the Group.

107. We anticipate generally positive attitudes towards appointment to level staffing, based on our survey findings -- 73% of managers surveyed favoured its introduction. Opinions will vary, of course, depending on whether the person is seeking a promotion, or staffing a position, and the strategies to explain the new system to executives must be sensitive to both these perspectives. From the employer's point of view, the new system will have a beneficial impact on motivation, as employees will no longer "own" positions. From the employee's perspective, this loss of job "ownership" could be threatening, although the increased opportunities for growth and development through lateral assignments should be attractive. Any improvements perceived in the role of merit in promotion decisions will be very favourably received.

108. The increase in authorities delegated to managers could also be seen as attractive or threatening. Some managers will be reluctant to accept greater responsibility, whereas others will find increased authority attractive. We anticipate the latter reaction will predominate, based on our survey of managers (95% report that they favour more classification and staffing authority) and the Zussman and Jabes studies which show that control over work increases job satisfaction.

CONCLUSIONS

109. This report has recommended an integrated package of solutions to address the major problems and irritations which trouble public service managers and reduce their effectiveness and efficiency. The vast majority of these problems have been consistently cited by every royal commission, task force and government agency that has considered the health of the public service over the past twenty years. The numerous letters and submissions that we have received, and focus groups, discussions and surveys that we have engaged in during the last six months have convinced us of their currency.

110. The recommendations contained in this report have not gone through an equally rigorous validation process, although we are confident that our solutions are germane, workable and will be supported by the majority of managers today. Our deliberations over the nature and implications of the solutions have been lengthy and painstaking, and we are encouraged by the consistency with which some of the solutions have been proposed over time, as well as the positive reactions from the managers whom we have polled, consulted, or who have written to us.

111. We believe that the benefits to be gained from the recommended changes clearly outweigh the costs. These benefits will take the form of improved efficiency as a result of streamlined structures and simplified processes, and higher levels of job satisfaction and employee morale. Operational effectiveness should improve as a result of clarifying lines of accountability and communication, and increased delegation and subdelegation of the authorities required to meet responsibilities. Recommended improvements in recruitment, staffing and rewards management processes, and the encouragement of creativity should also enhance program delivery.

112. Some of our recommendations need further refinement and development, through discussions and consultation with members of the Management Category, managers outside the Category and unions. This consultation process should also aid in the development of implementation strategies and communications plans. A more rigorous cost/benefit analysis is also advisable to clarify the net cost or cost savings from the combination of recommendations contained in this report and other Task Force reports. The members of the Task Force on the Management Category are available to function as a "sounding board" for this subsequent review and refinement process, and with respect to any subsequent recommendations affecting the Management Category stemming from this process.

113. We believe that simply amending legislation and eliminating inappropriate rules and regulations will be insufficient in themselves to achieve the goals of Public Service 2000. We believe that a fundamental change in the corporate culture is required if we are to change the way we operate. Without the inculcation of a

new set of values which stress innovation, initiative, trust and empowerment of employees, the reforms will be hollow, and central controls replaced with departmental controls. The quality of service to the public, and the success of the Public Service 2000 reforms, is dependent upon the commitment of managers to such values, and upon their morale and motivation.

114. Values are the key to animate and inform the changes we recommend. It is imperative that public servants share a common set of values and operating principles which promote ethical behaviour and the kinds of attitudes and actions most likely to achieve the desired results. We urge the Clerk of the Privy Council to set in motion a process to determine and promote the values which should be shared by all managers.

115. The successful implementation of these recommendations, and in particular, the proposed changes in the corporate culture, will require the visible commitment of senior levels of management to these reforms. Moreover, senior managers must be willing to spend substantial amounts of time participating in and overseeing the implementation and communication processes.

116. The problems which we have identified are linked, as are our recommended solutions. They should be viewed, publicized and implemented as an integrated package. Implementation of only a few may fail to achieve the desired effects as each problem needs to be attacked on multiple fronts. We also urge rapid implementation so that managers will have concrete evidence of progress. Otherwise, the momentum generated by the Public Service 2000 initiative will dissipate and latent cynicism will surface to overwhelm the reform process.

117. Finally, we recommend that implementation strategies and communications plans be developed for the recommendations of this Task Force at the corporate and departmental levels, and sufficient resources devoted to these important tasks. The recommendations reflect an evolution of the values and culture of the public service management cadre, and thus the implementation strategy must simultaneously safeguard worthy but traditional values, structures and practices, and nurture the emerging values which we believe are required for the public service over the next 20 years. The implementation and communications strategies must involve and engage all levels of the management cadre, in both the National Capital Region and the regions, in order to build the necessary levels of understanding, commitment and cohesion. At the same time, plans should be prepared to monitor the pace of implementation and the success of these recommendations in producing the desired effects.

BACKGROUND REPORTS AND DISCUSSION PAPERS

DISCUSSION PAPERS

Regime for Excluded Managers/*Régime des gestionnaires exclus*

Appointment to Level in the Management Category/*Catégorie de la gestion : Nomination au niveau*

Delegation and Public Service 2000/*Délégation et Fonction publique 2000*

COMMISSIONED REPORTS

Ekos Research Associates: Management Category Task Force: Summary of Survey Findings

H. L. Laframboise: Restructuring the Management Category: Defining the Category, and Reducing the Number of Levels/*Restructuration de la catégorie de la gestion : La définition de la catégorie, et Dénivellement*

Martineau Provencher et associés : *Document de discussion relatif aux avantages sociaux et autres éléments non-monétaires de rémunération*

Karl Snider: Management Compensation: Implications of Restructuring the Management Category/*Rémunération de la catégorie de la gestion : Répercussions de la restructuration de la catégorie de la gestion*

FOR DISCUSSION

PUBLIC SERVICE 2000: REPORT OF THE TASK FORCE ON TRAINING AND DEVELOPMENT

EXECUTIVE SUMMARY

August 8, 1990

Scope and Context

The Public Service Task Force on Training and Development plans to achieve its objectives in three stages. This Phase I report reviews the existing policies and objectives for training and development and the institutional support for achieving them in the public service. It identifies major initiatives and problems, outlines guiding principles for decision-making, and formulates recommendations for immediate action. Phase II, to be tabled at the end of September, will review the training and development implications of other PS 2000 Task Forces. Phase III will consider longer term issues and will be completed by the end of December.

The Task Force met seven times between May 28 and July 13, 1990 to review available studies and documents relevant to training and development. The Task Force also met with representatives of public sector unions, departmental heads of training, heads of large federal training centres, and received many briefs from directors of personnel and other public servants.

Initiatives and Problem Areas

In its review, the Task Force found that many of the present efforts of departments and central agencies offer an excellent base on which to build for the future. Despite these strong initiatives, the Task Force has identified some specific areas for improvement, including:

- assessment of training and development needs, both corporate and individual
- planning of training and development, at corporate, departmental and individual levels
- training and development of scientists and professionals
- role of management and individual managers in training and development is unclear
- inequitable distribution of training and development of individuals
- departments and agencies require central support services, sharing of information, materials, technology, facilities; particular problems for small agencies
- better coordination needed at centre
- training policies over-emphasize immediate job skill training needs and neglect future needs and personal developmental needs
- training and development not used as instrument of employment equity strategies
- developmental programs not well used
- workforce adjustment training policy under-utilized
- serious concerns about resource constraints and inability to meet priorities

Guiding Principles and Concepts

The Task Force has also formulated a set of guiding principles and concepts which we feel can be used to orient future policies and priorities for training and development. These eight principles offer a sense of fundamental values from which complex problems can be addressed and decisions undertaken.

- Training and development is an investment in better government and better service to the public
- PS 2000 will put more emphasis on individual responsibility and professionalism, requiring more knowledge and skills by individuals
- Good human resource management and development policies will be necessary to attract and retain good people in the public service in the future
- Training and development of staff is an integral part of management at all levels, embracing a broad range of activities and priorities of which classroom training is but one
- There is a hierarchy of responsibility for training and development:
    - the individual is responsible for his/her own career development, for demonstrating a willingness to grow and learn on the job, and for taking full advantage of training and development opportunities provided
    - **supervisors** are guides, mentors and counsellors and are responsible to ensure the worker has the skills and tools to do the job
    - the **department** is responsible to provide an enabling framework for productive work now and in the future through effective training and development; and, to assess needs and set priorities
    - **central control and service agencies** provide an enabling framework at the corporate level
- There is a hierarchy of needs and priorities which must be dealt with from the perspectives of the individual, the department, and the government as a whole, both in the immediate and longer term
- Resources must be needs and priorities-related and protected in the same fashion as capital investment funds
- Equity in training and development means responding adequately to needs of the individual, as well as corporate needs, including the need to redress previous inequities.

Summary Recommendations

In light of the identified problems and these principles, the Task Force forwards the following recommendations:

1. A new emphasis on personal planning of training and career needs, separate from the performance appraisal system.

2. A new emphasis on the role of supervisors and managers in determination of needs and priorities and the management of training and development.

3. Continued delegation of primary responsibility for training to departments within the new context recommended herein.

4. Strengthened training and development needs assessment at all levels.

5. More rigorous assessment of the appropriateness and cost-effectiveness of various means of training and development.

6. More careful monitoring of training and development to ensure equitable access, and the use of training and development to meet employment equity objectives; members of employment equity groups should have a more than proportionate share of places in training and development programs identified as suitable for this purpose.
7. Treasury Board's role to be re-shaped to emphasize leadership, resource allocation, policy direction, evaluation and accountability but recognizing that delivery of program rests with departments, PSC and CCMD.

8. Treasury Board policies to be recast to reflect the guiding principles and concepts with specific provisions relating to:

    - re-balancing emphasis on immediate job skills, future requirements and career development requirements

    - revision of workforce adjustment training policy providing training for anticipated as well as current job vacancies.

9. The cost-effectiveness and management of existing corporate developmental programs be reviewed.

10. Consideration be given to new developmental experiences for public servants who demonstrate high performance, high potential or special need.

11. Treasury Board policies and corporate systems and programs be described in layperson's language in brochures/guides for individuals, supervisors, managers, etc.

12. The Staff Training Council should be replaced by a new Human Resources Council with a broader mandate recognizing the integral role of training and development of human resources management and with linkages to existing and potential groups dealing with training and development on a functional basis.

13. Existing Training Boards of the Staff Training Council should be retained but their mandates broadened to include developmental activities and programs.

14. The informal training coordination group of TBS, PSC and CCMD should be formalized as the primary work group of the Human Resource Council.

15. The functions of central support and sharing of information, materials, facilities and technology should be performed on a collaborative basis by the Committee of Heads of Training, on behalf of the Government as a whole. Resources may have to be provided for some of the more operational of these functions.

16. The CCMD and PSC should work out a cooperative arrangement to ensure that managers at all levels receive a continuum of consistent knowledge and skill development.

Implementation Plan

The Task Force urges the Treasury Board to respond by taking immediate action to develop coordinating and support mechanisms outlined in its recommendations and then using these mechanisms to pursue more substantive areas. This includes the formation of a special team to review TB policies toward the view of a tighter policy offering clear leeway to departments in developing training and development programs. It is also necessary to quickly establish task groups to address some of the immediate training implications of the other PS 2000 Task Forces, including assessing the generic training necessary in key areas like Service to the Public and Human Resource management.